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192

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1946

No. 471

DANIEL F. RICE, JOSEPH J. RICE, ET AL., ETC.,
PETITIONERS,

vs.

BOARD OF TRADE OF THE CITY OF CHICAGO,
A CORPORATION

No. 473

ILLINOIS COMMERCE COMMISSION, ET AL.,
PETITIONERS,

vs.

BOARD OF TRADE OF THE CITY OF CHICAGO,
A CORPORATION

ON WRITS OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT

PETITIONS FOR CERTIORARI FILED SEPTEMBER 6, 1946.

CERTIORARI GRANTED OCTOBER 21, 1946.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1946.

No.

ILLINOIS COMMERCE COMMISSION, JOHN D. BIGGS, WILLIAM PARRILLO, FRANK PESKA, EDWIN A. ROSENSTONE AND VAL J. WASHINGTON, COMMISSIONERS OF THE ILLINOIS COMMERCE COMMISSION, AND DANIEL F. RICE & COMPANY, A PARTNERSHIP,

Petitioners,

vs.

BOARD OF TRADE OF THE CITY OF CHICAGO, A CORPORATION,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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ORIGINAL TRANSCRIPT OF RECORD

IN THE

UNITED STATES CIRCUIT COURT OF APPEALS

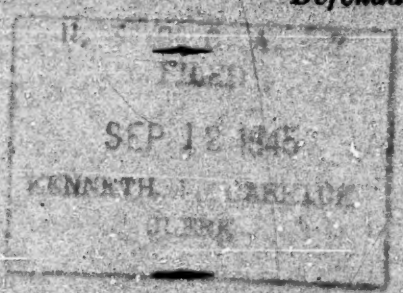
FOR THE SEVENTH CIRCUIT

No. 8897

BOARD OF TRADE OF THE CITY OF CHICAGO
A CORPORATION
Plaintiff-Appellant

vs.

ILLINOIS COMMERCE COMMISSION, JOHN D. BIGGS, WILLIAM PARRILLO, FRANK PESKA, EDWIN A. ROSENSTONE and VAL J. WASHINGTON, COMMISSIONERS OF THE ILLINOIS COMMERCE COMMISSION, AND DANIEL F. RICE & COMPANY, A PARTNERSHIP
Defendants-Appellees



APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

ORIGINAL TRANSCRIPT OF RECORD

IN THE

UNITED STATES CIRCUIT COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 8897

BOARD OF TRADE OF THE CITY OF CHICAGO
A CORPORATION
Plaintiff-Appellant

VS.

ILLINOIS COMMERCE COMMISSION, JOHN D. BIGGS, WILLIAM PARRILLO, FRANK PESKA, EDWIN A. ROSENSTONE and VAL J. WASHINGTON, COMMISSIONERS OF THE ILLINOIS COMMERCE COMMISSION, AND DANIEL F. RICE & COMPANY, A PARTNERSHIP
Defendants-Appellees

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

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Pleas had at a regular term of the District Court of the United States for the Eastern Division of the Northern District of Illinois begun and held in the United States Court Rooms in the City of Chicago in the Division and District aforesaid on the first Monday of June (it being the 4th day thereof) in the year of our Lord One Thousand Nine Hundred and Forty-Five and of the Independence of the United States of America the 169th year.

PRESENT: Hon. John P. Barnes, *District Judge*
Hon. Philip L. Sullivan, *District Judge*
Hon. Michael L. Igoe, *District Judge*
Hon. William J. Campbell, *District Judge*
Hon. Walter J. LaBuy, *District Judge*
Hon. Elwyn R. Shaw, *District Judge*
Hon. William H. Holly, *District Judge*

Roy H. Johnson, *Clerk*
William H. McDonnell, *Marshal*

Tuesday, June 26, 1945
Court met pursuant to adjournment
Present: Honorable Michael L. Igoe, Trial Judge

IN THE DISTRICT COURT OF THE UNITED STATES
For the Northern District of Illinois
Eastern Division

BOARD OF TRADE OF THE CITY OF CHICAGO, A CORPORATION, *Plaintiff,* VS. ILLINOIS COMMERCE COMMISSION, JOHN D. BIGGS, WILLIAM PARRILLO, FRANK PESKA, EDWIN A. ROSENSTONE and VAL J. WASHINGTON, COMMISSIONERS OF THE ILLINOIS COMMERCE COMMISSION, and DANIEL F. RICE & COMPANY, A PARTNERSHIP, *Defendants.*	No. 44 C 1253

Be it remembered, that the above-entitled action was commenced by the filing of the following Complaint, in the above-entitled cause, in the office of the Clerk of the District Court of the United States for the Northern District of Illinois, Eastern Division, on this the 19th day of October, 1944:

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

BOARD OF TRADE OF THE CITY OF CHICAGO, A CORPORATION,
Plaintiff,

vs.

ILLINOIS COMMERCE COMMISSION, JOHN D. BIGGS, WILLIAM PARRILLO, FRANK PESKA, EDWIN A. ROSENSTONE and VAL J. WASHINGTON, COMMISSIONERS OF THE ILLINOIS COMMERCE COMMISSION, and DANIEL F. RICE & COMPANY, A PARTNERSHIP,
Defendants.

Civil Action
No. 44 C 1253
Injunction
Sought

COMPLAINT

The Board of Trade of the City of Chicago, complaining of the defendants above named, alleges:

1. The plaintiff, Board of Trade of the City of Chicago, is a corporation by legislative act of the Illinois State Legislature approved February 18, 1859. Its activities affect the flow of grain in interstate commerce, and the Congress of the United States has exercised its authority to regulate its activities by legislation commonly known as the Futures Trading Act (An Act of August 24, 1921, c. 86, 42 U. S. Stat. 187), the Grain Futures Act (Act of September 21, 1922, c. 369, 42 U. S. Stat. 998), and the Commodity Exchange Act (Act of June 15, 1936, c. 545, 49 U. S. Stat. 1491, 7 U. S. C. 1-17a). The Secretary of Agriculture designated Board of Trade of the City of Chicago a contract market under the Grain Futures Act on May 3, 1923, and again under the Commodity Exchange Act on September 14, 1936. It was also designated as a contract market for soy beans, lard and cottonseed oil by said Secretary on November 26, 1940, effective December 8, 1940. Said Board of Trade of the City of Chicago cannot carry on its functions as a board of trade and commodity exchange without such designation as a contract market under the provisions of said Commodity Exchange Act.

2. The defendants, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, are Commissioners, constituting the Illinois Commerce Commission. Said Commission is an administrative body created by an act of the Illinois Legislature approved June 29, 1921, entitled "An Act concerning public utilities." Daniel F. Rice & Company is a partnership consisting of Daniel F. Rice, Joseph J. Rice, Walter T. Rice and William F. Rowley, partners, grain dealers. Each of said defendants has an office in the City of Chicago, in the Northern District of Illinois, Eastern Division.

3. This Court has jurisdiction of this cause in that the right to relief depends on the construction or application of the Commodity Exchange Act (Act of June 15, 1936, c. 545, 49 U. S. Stat. 1491, 7 U. S. C. 1-17a), this defendant contending that the United States, by the above congressional enactment, has pre-empted the field in regulating contract markets, and the Board of Trade of the City of Chicago as such, to the exclusion of the State of Illinois, its officers and agencies, including the Illinois Commerce Commission; also on the grounds that this suit arises under a law regulating interstate commerce. The action of the Commission in taking jurisdiction of this cause does interfere with interstate commerce and a plain, speedy and efficient remedy cannot be had at law or in equity in the Courts of the State of Illinois. The expense of defending said cause before the Commission by this defendant will amount to more than Three Thousand Dollars ($3,000).

4. On or about July 28, 1944, there was filed with the Illinois Commerce Commission a complaint entitled—Daniel F. Rice and Company, etc., Plaintiff vs. Board of Trade of the City of Chicago, The Chicago Grain Corporation, et al., Defendants, Number 32267, which was served on this plaintiff July 29, 1944, and a copy of which is designated as Exhibit A and filed herewith, and by this reference made a part of this complaint. Paragraph 15 and 16 of said complaint are in words and figures, as follows:

> "15. The Chicago Board of Trade has formulated and adopted rules and regulations governing its maintenance as a commercial grain exchange. These rules and regulations should be such as to promote the principles of justice and equity in the purchase, sale and delivery of grain in the Chicago terminal market.

In fact, however, the rules and regulations adopted by the Chicago Board of Trade are uncertain, incomplete and ambiguous in their coverage, favor warehousemen and the sellers of grain, and discriminate against grain buyers, and in many other respects are unreasonable and unsatisfactory.

"16. The Chicago Board of Trade has from time to time during the last ten years adopted new rules and regulations, and amended existing rules and regulations, relating to the warehousing of grain in public warehouses and the custody of grain in private warehouses, without securing the approval of the Illinois Commerce Commission before placing said new or amended rules and regulations in effect. Such action constitutes a violation of Section 194b of the Illinois Grain Warehouse Act."

And the relief sought through the Commission as to this plaintiff is that it "declare inoperative and void such rules and regulations of the Chicago Board of Trade, or amendments thereto, which have not received prior approval of the Illinois Commerce Commission, and further require said Chicago Board of Trade to adopt and submit for approval, rules and regulations which are fair, equitable, adequate and specific." And that said Commission enter such order or orders from time to time during the hearings as the necessities and justice of the situation require, in order to afford maximum relief as promptly as possible. Section 194b of the Illinois Grain Warehouse Act (mentioned in paragraph 16 of said complaint) is in words and figures, as follows:

"194b. Rules of board of trade or grain exchange to be approved.]—§6b. No rule or regulation of any board of trade or grain exchange which relates to the warehousing of grain in any public grain warehouse, or which relates to the custody of grain in any private warehouse, or the use or negotiation of custodian's receipts for such grain, shall be or become operative until such rule or regulation is approved by the Illinois Commerce Commission, and the Illinois Commerce Commission may adopt and promulgate reasonable rules and regulations consistent with the provisions of this Act for the purpose of making this Act effective. [Added by act approved July 14, 1927. L. 1927, p. 711]."

5. Board of Trade of the City of Chicago filed its motion that it be dismissed from said proceedings before the Illinois Commerce Commission on jurisdictional grounds, a copy of which said motion is attached hereto as Exhibit B, and made a part hereof by reference. A brief in support of said motion was filed with said Commission, and plaintiff's attorney argued orally in support of said motion.

6. On October 11, 1944, the said Illinois Commerce Commission in said cause notified Board of Trade of the City of Chicago, as follows:

> "You are hereby notified that the Commission, in conference on October 10, 1944, *denied* the following motions in the above-styled proceedings:
>
> * * * * *
>
> "(4) Motion by respondent, Board of Trade of the City of Chicago, that it be dismissed from this proceeding on the ground that the Commission is without jurisdiction of the subject matter of this complaint filed in this case on July 28, 1944, in so far as the same is directed against said respondent, Board of Trade of the City of Chicago.
>
> "You are hereby further notified that the Commission has set the above case for hearing at the office of the Commission at Chicago, Illinois, 19th Floor, 160 North LaSalle Street, on Tuesday, October 24, 1944, at the hour of 10:00 A. M."

7. The Commodity Exchange Act (Act of June 15, 1936, c. 545, 49 U. S. Stat. 1491, 7 U. S. C. 1-17a) and the regulations of the Secretary of Agriculture issued thereunder supersede and nullify the constitution of the State of Illinois and all laws, statutes and ordinances of the State of Illinois, and all orders and regulations of the Illinois Commerce Commission with respect to the operation of the Board of Trade of the City of Chicago as a contract market; the constitution of the State of Illinois and all laws, statutes and ordinances of the State of Illinois, including Section 194b of the Illinois Grain Warehouse Act above referred to (including the order referred to in paragraph 6 herein), and all orders and regulations of the Illinois Commerce Commission, inconsistent with said Commodity Exchange Act and the regulations of the Secretary of Agriculture, are null and void; and the Congress of the United States has fully and completely occupied and pre-empted the field

of regulation of boards of trade, and the plaintiff, as a contract market under said Act of Congress is not subject to the jurisdiction of the Illinois Commerce Commission.

8. Under Section 5b of the Commodity Exchange Act (7 USC 7b) the designation of the Board of Trade as a contract market is subject to suspension or revocation should it fail to comply with the provisions of the Commodity Exchange Act and the rules and regulations issued thereunder by the Secretary of Agriculture. Under Section 5a of said Act, all copies of the by-laws, rules and regulations made or issued by the governing body or any committee of a contract market must be promptly furnished to the Secretary of Agriculture [7 USC, 7a (1)]. Under Section 5a (7) receipts issued under the United States Warehouse Act (U. S. C., 1934 ed., title 7, secs. 241-273) must be accepted in satisfaction of any futures contracts, etc. [7 USC 7a (7)]. The charter, rules and regulations of the Board of Trade of the City of Chicago are attached hereto as Exhibit C; the regulations of the Secretary of Agriculture under the Commodity Exchange Act are attached hereto as Exhibit D; and the regulations of the Secretary of Agriculture under the Federal Warehouse Act are attached hereto as Exhibit E. Said Exhibits C, D and E are by this reference made a part of this complaint.

9. While the Congress of the United States has fully and completely occupied and pre-empted the field of regulation of contract markets, the Illinois Commerce Commission, by refusing to dismiss the Board of Trade of the City of Chicago from the aforesaid cause, has assumed to exercise control over the same field, and, in retaining jurisdiction, to require the Board of Trade to adopt and submit to it for approval rules and regulations. Unless said defendants are restrained from the continuation of the prosecution of said cause before the Illinois Commerce Commission, and if plaintiff is required to comply with the orders of the Illinois Commerce Commission, plaintiff will be subject to suspension and revocation of its designation as a contract market, without which it cannot operate as a contract market. There is no law other than the Commodity Exchange Act or administrative officer other than the Secretary of Agriculture by and through which the Board of Trade of the City of Chicago may be authorized to function as a board of trade and contract market. The suspension

and revocation of its designation as a contract market would necessitate the closing of the exchange, causing irreparable injury and damage to plaintiff. The said exchange is now complying with the mandates of the Commodity Exchange Act. A failure to comply with the orders of the Illinois Commerce Commission, contrary to the provisions of the Commodity Exchange Act and the regulations of the Secretary of Agriculture promulgated thereunder, would cause plaintiff to suffer penalties under the laws of the State of Illinois. Unless the said defendants are restrained from the continuation of the prosecution of said cause commencing October 24, 1944 before the Illinois Commerce Commission, plaintiff will be put to the necessity of great expense in defending same that would work injury to plaintiff not assessable in money damages and cause irreparable loss and injury to plaintiff. Plaintiff has no adequate remedy at law against interference by the Illinois Commerce Commission and the loss of its right to operate as a contract market; and if the relief prayed herein be not granted, plaintiff will suffer irreparable loss and injury.

WHEREFORE, plaintiff prays that

(a) Process may issue against the Illinois Commerce Commission and each of the Commissioners, John D. Biggs, William Parrillo, Frank Peska; Edwin A. Rosenstone and Val. J. Washington, and that service of such process and of this complaint be made by filing a copy thereof in the office of the Illinois Commerce Commission on the Secretary thereof on the 19th Floor, 160 North La Salle Street, Chicago, Illinois, and that an additional copy be served upon the defendant Daniel F. Rice & Company.

(b) Pending a final hearing herein, this Court issue a temporary injunction restraining and enjoining the defendants, and each of them, from further assuming and taking jurisdiction, prosecuting or maintaining said case, cause or litigation, entitled—Daniel F. Rice and Company vs. Chicago Grain Corporation, et al. and Board of Trade of the City of Chicago, designated as Number 32267, before the Illinois Commerce Commission, as to Board of Trade of the City of Chicago, or from enforcing or attempting to enforce against said Board of Trade of the City of Chicago, by order, rule, regulation, or otherwise, any provisions of the statutes of the State of Illinois, and especially the provision of Section 194b of the Illinois Grain Warehouse

Act, or of promulgating any rule, order or regulation that would curtail or infringe on the rights of plaintiff as a contract market under the Commodity Exchange Act, and that said Commission be restrained and enjoined from proceeding with the hearings therein as to this defendant on October 24, 1944, or at any other time prior to the final order and determination of this cause.

(c) Upon final hearing plaintiff have judgment perpetually enjoining the defendants, and each of them, from further prosecuting as to this plaintiff the above referred to cause before and by the Illinois Commerce Commission, and from enforcing or attempting to enforce by order, rule, regulation, or otherwise, any provisions of the statutes of the State of Illinois, and especially the provision of Section 194b of the Illinois Grain Warehouse Act, and that said Commission be perpetually enjoined from promulgating any rule, order or regulation that would curtail or infringe on the right of plaintiff as a contract market under the Commodity Exchange Act, and from assuming jurisdiction or threatening to assume jurisdiction of plaintiff, Board of Trade of the City of Chicago, for the purpose of regulation or otherwise.

(d) Plaintiff have such other and further relief as may be warranted in the premises.

Board of Trade of the City of Chicago,
By Weymouth Kirkland,
Howard Ellis,
William H. Symmes,
Its Attorneys,
33 North La Salle Street,
Chicago, Illinois.

State of Illinois }
County of Cook } ss.

Fred H. Clutton, being first duly sworn, on oath deposes and says that he is Secretary of the Board of Trade of the City of Chicago, a corporation, plaintiff herein: that he is duly authorized in behalf of the Board of Trade of the City of Chicago to make this affidavit; that he has read the foregoing complaint of Board of Trade of the City of Chicago and knows the contents thereof; that the statements of fact therein contained are true; that matters of legal import contained therein he is advised and believes are true.

Fred H. Clutton.

Subscribed and sworn to before me this 18th day of October, A. D. 1944.

John A. Aitkins,

EXHIBIT A

Received Jul 28 1944
Illinois Commerce Commission
Chicago Office

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Daniel F. Rice and Company, a partnership, grain dealer, on behalf of his customers and public grain producers, dealers and processors, similarly situated,

Plaintiff,

vs.

The Chicago Grain Corp., Norris Grain Elevator Co., General Mills, Inc.—Star Grain Division, Rosenbaum Bros., Santa Fe Elevator Corp., Norris Grain Co., Cargill, Inc., Continental Grain Co., Great Lakes Elevator Corp., Cargill Illinois Grain Co., Stratton Grain Co. and Board of Trade of the City of Chicago,

Defendants.

No. 32267

In the matter of unjust, unreasonable and discriminatory rates and charges, the maintenance of discriminatory practices, and the violation of law by public grain warehouses.

COMPLAINT

Daniel F. Rice and Company, plaintiff, appearing on behalf of its customers and grain producers, dealers and processors similarly situated, by Irvin Rooks and Leo A. Freeman, its attorneys, complains of the defendants as follows:

1. Daniel F. Rice and Company, an Illinois partnership, is an owner, shipper and dealer in grain in the state of Illinois, is a member of the Chicago Board of Trade and other grain exchanges, and is and for some years past has

been a consumer of the defendant warehousemen named herein.

2. Daniel F. Rice and Company purchases, sells and deals in grain on the Chicago Board of Trade for and on behalf of grain producers, grain dealers and grain processors, who thereby are and have been consumers of the defendant warehousemen named herein. This complaint is brought not only on behalf of Daniel F. Rice and Company and his customers, but as representative of, and for the use and benefit of all public grain producers, dealers and processors, who have stored grain in the public grain elevators maintained by defendant warehousemen, or who have paid grain storage and warehousing charges, and who therefore have rights in common with the plaintiff herein.

3. Defendants, Chicago Grain Corp., Norris Grain Elevator Co., Rosenbaum Bros., Santa Fe Elevator Corp., Norris Grain Co., Great Lakes Elevator Corp., Cargill Illinois Grain Co., all Illinois corporations, and Cargill, Inc., General Mills, Inc.—Star Grain Division, Continental Grain Co., Stratton Grain Co., all foreign corporations, (hereinafter referred to as "warehousemen") own or control, and operate property and facilities within the state of Illinois, which are used in the public storage and warehousing of grain for hire and compensation, and as such are all public utilities as defined in Section 10 of an act of the state of Illinois entitled "An Act concerning public utilities", approved July 29, 1921, as amended (hereinafter "Public Utility Act") which reads in part:

> "The term 'public utility', when used in this act means and includes every corporation *** their lessees, trustees or receivers *** that now or hereafter:
>
> "(a) May own, control, operate or manage, within the State directly or indirectly for public use, any plant, equipment or property used or to be used for or in connection with *** the storage or warehousing of grain; *** or that
>
> "(b) May own or control any franchise, license, permit or right to engage in any such business.
>
> * * * * *
>
> "The term 'warehouse' when used in this act, includes all elevators or storehouses where grain is

stored for a compensation, whether the property stored be kept separate or not."

4. The defendant Board of Trade of the City of Chicago (hereinafter "Chicago Board of Trade") is a board of trade and grain exchange, organized under a Special Act of the Illinois Legislature, approved February 18, 1859.

5. The defendant warehousemen own or control, and operate grain elevator capacity for public storage and warehousing of grain. In addition, they own and deal in grain, and usually store such grain in portions of their own elevators designated as private storage capacity. They have been issued and possess either state or federal grain warehouse licenses. The warehousemen involved, the grain elevators owned or controlled, and operated, and the type of license possessed are as follows:

WAREHOUSEMAN	GRAIN ELEVATOR	LICENSE POSSESSED
Chicago Grain Corp.	Irondale A	State
Norris Grain Elev. Co.	Norris	State
Norris Grain Co.	Wabash	Federal
Norris Grain Co.	Elevator J*	Federal
General Mills, Inc. Star Grain Div.	Rialto	Federal
Rosenbaum Bros.	Calumet	Federal
Rosenbaum Bros.	N. Y. Central*	Federal
Santa Fe Elev. Corp.	Santa Fe	Federal
Cargill Ill. Grain Co. Cargill, Inc.	Chicago & N. W. Terminal & Annex	Federal
Continental Grain Co.	Rock-Island Terminal C	Federal
Continental Grain Co.	Rock-Island Terminal D	Federal
Great Lakes Elev. Corp.	National	Federal
Stratton Grain Co.	Dickinson	Federal

*Not regular for delivery on Board of Trade Contracts.

The total available grain elevator and warehouse capacity in the Chicago terminal market is approximately 40,000,000 bushels out of which approximately 27,000,000 bushels of

capacity has been designated for public storage. The remaining capacity is designated as private storage capacity although such private capacity may be used from time to time for public storage of grain.

6. The grain storage rates established by each and all of said warehousemen are:

For public storage of grain:

On all grain, soybeans and flax seed received in bulk and inspected in good condition.

Unloading and loading out charges.

1¼¢ per bushel for receiving and shipping and for first ten days' storage or part thereof.

Storage charges.

1/25 of 1¢ per bushel per day for each additional day storage (after first ten) so long as said grain, soybeans and flax seed remain in good condition.

Conditioning, Insurance and other services.

No rates established.

For storage of grain owned by or under control of the United States of America or an agency thereof:

Unloading and loading out charges.

For barley, wheat, rye and corn received by rail or water, ½¢ per bushel for unloading, ½¢ per bushel for loading out.

Storage charges.

For barley, wheat and rye received by rail or water, 1/30 of 1¢ per bushel per day for the first 210 days of the annual period for computing charges, and no charge for the remainder of the period.

For corn received by rail or water, 1/30 of 1¢ per bushel per day for the first 210 days of the annual period for computing charges and no charge for the remainder of the period.

Conditioning, insurance and all other charges.

For barley, wheat and rye, ⅜ of 1¢ per bushel per month or fraction thereof, for the first six storage months of the annual period used for computing charges.

For corn, ⅜ of 1¢ per bushel per month, or fraction thereof, for first three storage months of the period used for computing charges.

7. Each and all of said warehousemen have unlawfully maintained and do now maintain unjust, unreasonable and excessive rates and charges for services rendered, contrary to Section 32 of the Public Utility Act, in that the grain storage rates charged public grain producers, owners, shippers, dealers, receivers and processors, and charged your plaintiff are grossly excessive and exorbitant. Such rates have resulted in excess earnings, profits and return to the defendant warehousemen and have far exceeded the reasonable value and worth of the services rendered.

8. Each and all of said warehousemen have been and are guilty of discrimination against public grain producers, owners, shippers, dealers, receivers and processors, and against your plaintiff, and have been and are granting unwarranted preferences and advantages to the federal government and agencies thereof, as an owner, dealer and storer of grain, contrary to Section 38 of the Public Utility Act and Section 15 of "An Act to regulate public warehouses, etc.", approved April 25, 1871, as amended (hereinafter "Illinois Grain Warehouse Act") by storing and warehousing grain for public grain producers, owners, shippers, dealers, receivers and processors, and charged your plaintiff, at a grossly unwarranted and unreasonable difference in grain storage rates than are charged the federal government and agencies thereof.

9. All or some of said warehousemen, by reason of their dual and conflicting positions as public grain warehousemen and dealers in grain, have received undue preferences and advantages as such dealers, to the detriment and in discrimination against public grain producers, owners, shippers, dealers, receivers and processors, and your plaintiff, as customers of such warehousemen, all in violation of Sections 32, 38 and 41 of the Public Utility Act, and of Sections 6, 11, 15 and 17 of the Illinois Grain Warehouse Act, by:

(a) Mixing high quality public grain with inferior grain owned or acquired by the defendant warehouseman to reduce grain delivered to the point of minimum quality within the established grain trade.

(b) Sacrificing part of storage charges to effect purchases and sales of grain and otherwise manipulating

and rebating storage charges on grain stored in private warehouse space.

(c) Furnishing transit tonnage to owners of public grain of the most undesirable type, while withholding for their own use the most desirable transit tonnage, thereby placing the owners of public grain at a distinct disadvantage in merchandising grain in storage.

(d) Providing for storage of public grain in old wooden warehouses carrying exorbitant insurance premium rates, while storing the warehousemen's own grain in modern warehouses with reasonable insurance premium rates.

(e) Unduly and imprudently delaying loading of grain after return of warehouse receipt issued by the particular warehouseman, the tender of proper charges and the receipt of instructions to load grain for delivery.

10. The existing practice of all or some of said warehousemen in occupying a dual and conflicting position as public grain warehouseman and at the same time dealing in grain, and of storing or mixing in his public warehouse grain in which he has an interest, direct or indirect, is unlawful and contrary to the public policy of the state as expressed in Article XIII of the Illinois Constitution of 1870. Such public warehousemen are prohibited under the constitution from holding an interest inconsistent with and adverse to those whom they are required to serve. Such practices have been enjoined and declared illegal by the Supreme Court of Illinois in Central Elevator Co. v. People, 174 Ill. 203 (1898); Hannah v. People, 198 Ill. 77 (1902); and the vice thereof recognized by this commission in re Board of Trade Whse. Corp., Ill. C. C. Docket No. 17662, P.U.R. 1928E, 65.

11. The following grain elevators and warehouses owned or controlled, and operated by the warehousemen indicated are unreasonable, unsafe, improper, inadequate and inefficient in that said elevators consist of old wooden structures which may be readily destroyed by fire, and as a consequence require exorbitant and prohibitive insurance premium rates:

ELEVATOR	OWNER
Wabash	Norris Grain Company
Rock Island Terminal	
C & D	Continental Grain Company
National	Great Lakes Elevator Corp.

12. All or some of the warehousemen, contrary to their duty as public warehousemen to render adequate, proper and efficient warehousing service, have failed to adequately, properly and efficiently store and handle public grain, and as a consequence the character and quality of the grain so inadequately, improperly and inefficiently stored and handled, has deteriorated to the damage of public grain producers, owners, shippers, dealers, receivers, processors, and your plaintiff.

13. All or some of the warehousemen have violated the laws of the State of Illinois by:

(a) Failing to secure prior approval of the Illinois Commerce Commission before entering into management, construction, engineering, supply, financial and similar contracts and arrangements between such warehousemen as public utilities and an affiliate, as required by Section 8(a) of the Public Utility Act.

(b) Failing to secure prior approval of contracts, leases, etc., between such warehousemen and other public utilities, as required by Section 27 of the Public Utility Act.

(c) Failing to secure authorization of the commission before issuing securities payable at periods of more than twelve months after date, as required by Section 21 of the Public Utility Act.

(d) Failing to file, print and publish all schedules of rates and charges, as required by Section 33 of the Public Utility Act.

(e) Rendering storage and warehousing services without having filed and published the rates, charges, rules and regulations, governing such services, in violation of the prohibitions contained in Section 35 of the Public Utility Act.

(f) Abandoning and discontinuing public grain ware-

housing service and capacity without first securing the approval of the commission, in violation of Section 49(a) of the Public Utility Act.

(g) Charging unjust, unreasonable and discriminatory rates and pursuing discriminatory practices, in violation of Section 32, 38 and 41 of the Public Utility Act and Section 15 of the Illinois Grain Warehouse Act.

(h) Operating without a state license, in violation of Section 3 of the Illinois Grain Warehouse Act.

(i) Mixing public grain with grains of different grades, in violation of Sections 6 and 17 of the Illinois Grain Warehouse Act.

14. In consequence of the unreasonable and excessive rates and charges maintained by said warehousemen, the discriminatory rates maintained and discriminatory practices perpetrated, the inadequate, improper, unsafe and inefficient service rendered, and the violations of the state constitution and state statutes:

The required equality between public warehouse operators and public dealers, receivers and processors of grain is destroyed;

free competition in the purchase and sale of grain is seriously diminished;

arbitrary and unnatural grain prices and fluctuations in the price of grain have resulted;

dealings in futures on the Chicago Board of Trade are uncertain and unattractive;

the free distribution and marketing of grain is impeded, with particularly serious effect upon the grain export market and trade; and

the status and importance of the Chicago Board of Trade has declined.

15. The Chicago Board of Trade has formulated and adopted Rules and Regulations governing its maintenance as a commercial grain exchange. These rules and regulations should be such as to promote the principles of justice and equity in the purchase, sale and delivery of grain in the Chicago terminal market. In fact, however, the Rules and Regulations adopted by the Chicago Board of Trade

are uncertain, incomplete and ambiguous in their coverage, favor warehousemen and the sellers of grain, and discriminate against grain buyers, and in many other respects are unreasonable and unsatisfactory.

16. The Chicago Board of Trade has from time to time during the last ten years adopted new rules and regulations, and amended existing rules and regulations, relating to the warehousing of grain in public warehouses and the custody of grain in private warehouses, without securing the approval of the Illinois Commerce Commission before placing said new or amended rules and regulations in effect. Such action constitutes a violation of Section 194b of the Illinois Grain Warehouse Act.

WHEREFOR, Complainant Daniel F. Rice and Company, for and on behalf of his customers and public grain producers, dealers and processors similarly situated, prays that this Honorable Commission:

(a) Serve copies of this complaint upon all of the defendants named herein.

(b) Require said defendants to answer this complaint or otherwise plead thereto, within ten days after service thereof.

(c) Set the cause for immediate hearings.

(d) Institute an inquiry and investigation of the unjust, unreasonable and discriminatory rates and practices, the inadequate, improper and unsafe services rendered, and the innumerable violations of law, as specified above.

(e) Order the defendants herein to make available to the Commission and the plaintiff, all of the books, records and files relating to grain storage rates, charges and practices specified above.

(f) After hearings, fix just, reasonable, non-discriminatory and non-preferential rates and charges for the public storage of grain.

(g) After hearings, issue an order prohibiting the discriminatory practices enumerated above, and establishing just, reasonable safe, proper, adequate and efficient grain storage and warehousing service.

(h) After hearings, assess penalties for such viola-

tions of the Illinois state constitution and Illinois statutes as have occurred, including the cancellation of grain warehouse licenses.

(i) Declare inoperative and void such rules and regulations of the Chicago Board of Trade, or amendments thereto, which have not received prior approval of the Illinois Commerce Commission, and further require said Chicago Board of Trade to adopt and submit for approval, rules and regulations which are fair, equitable, adequate and specific.

(j) Enter such order or orders from time to time during the hearings as the necessities and justice of the situation require, in order to afford maximum relief as promptly as possible.

Daniel F. Rice & Company

By_____

Joseph J. Rice

Irvin Rooks,
Leo A. Freeman,
Attorneys for Plaintiff.
3710—135 S. LaSalle St.
Chicago 3, Illinois.

State of Illinois }
County of Cook } ss.

Joseph J. Rice, being first duly sworn, on oath deposes and says that he is a partner of Daniel F. Rice and Company, plaintiff in the above entitled cause; that he has read the foregoing complaint by him subscribed on behalf of said plaintiff; that he knows the content thereof and that the allegations therein contained are true of his own knowledge, information and belief.

_____

Subscribed and sworn to before me
this 28th day of July, A. D. 1944.

_____

Notary Public.

EXHIBIT B

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Daniel F. Rice and Company, etc.,
Plaintiff,

vs.

The Chicago Grain Corp., et al. and Board of Trade of the City of Chicago,
Defendants.

No. 32267

MOTION OF DEFENDANT BOARD OF TRADE OF THE CITY OF CHICAGO THAT IT BE DISMISSED FROM THIS PROCEEDING ON JURISDICTIONAL GROUNDS

Now comes the defendant, BOARD OF TRADE OF THE CITY OF CHICAGO, by Kirkland, Fleming, Green, Martin & Ellis, its attorneys, and moves that it be dismissed from this proceeding for the following reasons:

1. This defendant is a grain exchange organized under a special act of the legislature of the State of Illinois, approved February 18, 1859. Its activities affect the flow of grain in interstate commerce to the extent that this defendant is subject to national regulation. (*Board of Trade of the City of Chicago* v. *Olsen*, 262 U. S. 1). Attached hereto as Exhibit 1 is a pamphlet setting forth (1) the charter, (2) the rules, and (3) the regulations of the Board of Trade of the City of Chicago.

2. The national government has exercised its authority to regulate the activities of this defendant by legislation commonly know as the Futures Trading Act (An Act of August 24, 1921, c. 86, 42 U. S. Stat. 187), the Grain Futures Act (Act of September 21, 1922, c. 369, 42 U. S. Stat. 998), and the Commodity Exchange Act (Act of June 15, 1936, c. 545, 49 U. S. Stat. 1491, 7 U. S. C. 1-17a). Attached hereto as Exhibit 2 is a pamphlet containing (1) the Commodity Exchange Act as amended to date, and (2) the rules and regulations of the Secretary of Agriculture

issued thereunder. This defendant was declared a contract market on May 3. 1923 under the Grain Futures Act and was designated as a contract market under the Commodity Exchange Act on September 14, 1936. This defendant was designated a contract market for soy beans, lard and cottonseed oil on November 26, 1940, effective December 8, 1940. The designation of this defendant as a contract market is subject to revocation should it fail to comply with the Commodity Exchange Act above described and the rules and regulations issued by the Secretary of Agriculture thereunder.

3. While this defendant has always complied with Section 194b of the Illinois Grain Warehouse Act (An Act to regulate public warehouses, etc., approved April 25, 1871 as amended, Chap. 141, Sections 189-221, Illinois Revised Statutes) and has always complied in all respects with the laws of the State of Illinois and the orders of this Commission, nevertheless this action requires this defendant to assert, as it here asserts, that said Commodity Exchange Act and the regulations of the Secretary issued thereunder supersede and nullify the constitution of the State of Illinois and all laws, statutes and ordinances of the State of Illinois and all orders and regulations of this Commission with respect to the operations of this defendant as a contract market, and the constitution of the State of Illinois and all laws, statutes and ordinances of the State of Illinois and all orders and regulations of this Commission inconsistent with said Commodity Exchange Act and the regulations of the Secretary of Agriculture issued thereunder, and particularly supersedes and nullifies said Section 194b of the Illinois Grain Warehouse Act above described.

4. Section 5a. (7) of said Commodity Exchange Act requires every contract market, including this defendant, to

> "require that receipts issued under the United States Warehouse Act (U. S. C., 1934 ed., title 7, secs. 241-273) shall be accepted in satisfaction of any futures contract, made on or subject to the rules of such contract market, without discrimination and notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any State or

enjoys other or different privileges than under State law: *Provided, however,* That such receipts shall be for the kind, quality, and quantity of commodity specified in such contract and that the warehouse in which the commodity is stored meets such reasonable requirements as may be imposed by such contract market on other warehouses as to location, accessibility, and suitability for warehousing and delivery purposes."

We attach hereto as Exhibit 3 said United States Warehouse Act (39 U. S. Stat. 486 as amended July 25, 1919, February 23, 1923 and March 2, 1931, 7 U. S. C. 241-273), and the regulations of the Secretary of Agriculture issued thereunder.

5. In so far as said complaint refers to this defendant in connection with the warehouses described in said complaint as operating under federal license issued by the Secretary of Agriculture in pursuance of the United States Warehouse Act above described, to-wit, Norris Grain Co., Wabash; General Mills, Inc., Star Grain Division, Rialto; Rosenbaum Brothers, Calumet; Santa Fe Elevator Corporation, Santa Fe; Cargill, Inc., Chicago & Northwestern, Terminal & Annex; Continental Grain Company, Rock Island Terminal C; Continental Grain Company, Rock Island Terminal D; and Great Lake Elevator Corporation, National, this defendant asserts that its rules and regulations with respect to the warehousing of grain in such houses is not subject to the jurisdiction of this Commission with respect to its rules and regulations relating to the warehousing of grain, and in this connection calls to the attention of the Commission Section 29 of said Federal Warehouse Act (7 U. S. C. §269), as follows:

"*Cooperation with State authorities; authority of Secretary; operation of existing laws.*

In the discretion of the Secretary of Agriculture he is authorized to cooperate with State officials charged with the enforcement of State laws relating to warehouses, warehousemen, weighers, graders, inspectors, samplers, or classifiers; but the power, jurisdiction, and authority conferred upon the Secretary of Agriculture under this chapter shall be exclusive with

respect to all persons securing a license hereunder so long as said license remains in effect. This chapter shall not be construed so as to limit the operation of any statute of the United States relating to warehouses or to warehousemen, weighers, graders, inspectors, samplers, or classifiers now in force in the District of Columbia or in any Territory or other place under the exclusive jurisdiction of the United States. Aug. 11, 1916, c. 313, Part C, § 29, 39 Stat. 490; Feb. 23, 1923, c. 106, 42 Stat. 1285; March 2, 1931, c. 366, § 9, 46 Stat. 1465."

In so far as said complaint refers to this defendant in connection with the following warehouses described in said complaint as Norris Grain Co. Elevator "J", Rosenbaum Brothers New York Central, and Stratton Grain Company Dickinson, as operating under federal licenses issued by the Secretary of Agriculture in pursuance of United States Warehouse Act above described, the grain in said elevators is not deliverable on grain futures contracts and the Board of Trade of the City of Chicago has made no rule or regulation concerning or affecting said grain elevators or warehouse receipts issued by them, and such elevators are of no concern and are not in any way connected with trading on the Board of Trade of the City of Chicago. There is no such corporation now in existence as Cargill Illinois Grain Company.

6. This defendant avers that on October 1, 1937, the then Attorney General of the State of Illinois considered Section 29 of said Act (7 U.S.C. § 269) and rendered his opinion that "* * *, said Act constitutes a proper exercise of Federal jurisdiction and it is my opinion that the provisions thereof supersede all provisions of the State law inconsistent therewith."

7. This defendant avers that should it voluntarily submit to the jurisdiction of the State of Illinois and to the jurisdiction of this Commission, as prayed in said complaint, or should this defendant involuntarily be subjected to the jurisdiction of the State of Illinois and to this Commission, as prayed in said complaint, this defendant would be placed in jeopardy of revocation and suspension of its designation

as a contract market under said Commodity Exchange Act and to the penalties of such suspension or revocation.

For the foregoing reasons this defendant moves that it be dismissed from said proceeding.

Board of Trade of the City of Chicago,
By Kirkland, Fleming, Green, Martin & Ellis,
Its Attorneys.

STATE OF ILLINOIS)
COUNTY OF COOK) ss.

FRED H. CLUTTON, being first duly sworn, on oath deposes and says that he is Secretary of the Board of Trade of the City of Chicago, a corporation, defendant herein; that he is duly authorized in behalf of the Board of Trade of the City of Chicago to make this affidavit; that he has read the foregoing Motion of the Board of Trade of the City of Chicago and knows the contents thereof; that the statements of fact therein contained are true; that matters of legal import contained therein he is advised and believes are true.

Fred H. Clutton.

Subscribed and sworn to before me,
a Notary Public, this 31st day of
August, A. D. 1944.

(SEAL)

John A. Aitkins,
Notary Public.

RULES AND REGULATIONS

OF THE

BOARD OF TRADE

OF THE

CITY OF CHICAGO



APRIL 1, 1944

RULES AND REGULATIONS

OF THE

BOARD OF TRADE

OF THE

CITY OF CHICAGO

APRIL 1, 1944

LEGISLATIVE ACT TO INCORPORATE

—THE—

BOARD OF TRADE, CHICAGO

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Corporate title.

SECTION 1. That the persons now composing the Board of Trade of the City of Chicago are hereby created a body politic and corporate, under the name and style of the "BOARD OF TRADE OF THE CITY OF CHICAGO," and by that name may sue and be sued, implead and be impleaded, receive and hold property and effects, real and personal, by gift, devise, or purchase, and dispose of the same by sale, lease, or otherwise (said property so held not to exceed at any time the sum of two hundred thousand dollars); may have a common seal, and alter the same from time to time; and make such Rules, Regulations, and By-Laws from time to time as they may think proper or necessary for the government of the corporation hereby created, not contrary to the laws of the land.

Limit of property.

Seal.

Power to adopt Rules, Regulations, and By-Laws.

Present Rules, Regulations, and By-Laws, to govern until duly changed.

SEC. 2. That the Rules, Regulations, and By-Laws of the said existing Board of Trade shall be the Rules and By-Laws of the corporation hereby created, until the same shall be regularly repealed or altered; and that the present officers of said Association, known as the "Board of Trade of the City of Chicago," shall be the officers of the corporation hereby created, until their respective offices shall regularly expire or be vacated, or until the election of new officers according to the provisions hereof.

Officers.

SEC. 3. The officers shall consist of a President, one or more Vice-Presidents, and such other officers as may be determined upon by the Rules, Regulations, or By-Laws of said corporation. All of said officers shall respectively hold their offices for the length of time fixed upon by the Rules and Regulations of said corporation hereby created, and until their successors are elected and qualified.

Rules, Regulations, and By-Laws.

SEC. 4. The said corporation is hereby authorized to establish such Rules, Regulations, and By-Laws for the management of their business, and the mode in which it shall be transacted, as they may think proper.

Manner of holding elections.

SEC. 5. The time and manner of holding elections and making appointments of such officers as are not elected shall be established by the Rules, Regulations, and By-Laws of said corporation.

Power to admit and expel.

SEC. 6. Said corporation shall have the right to admit or expel such persons as they may see fit, in manner to be prescribed by the Rules, Regulations, and By-Laws thereof.

Committees of Arbitration and Appeals.

SEC. 7. Said corporation may constitute and appoint Committees of Reference and Arbitration, and Committees of Appeals, who shall be governed by such rules and regulations as may be prescribed in the Rules, Regulations, or By-Laws for the settlement of such matters of difference as may be voluntarily submitted for arbitration by members of the Association, or by other persons not members thereof; the acting chairman of either of said committees, when sitting as arbitrators, may administer oaths to the parties and witnesses, and issue subpoenas and attachments, compelling the attendance of witnesses, the same as justices of the peace, and in like manner directed to any constable to execute.

Executions upon awards.

SEC. 8. When any submission shall have been made in writing and a final award shall have been rendered, and no appeal taken within the time fixed by the Rules or By-Laws, then, on filing such award and submission with the Clerk of the Circuit Court, an execution may issue upon such award as if it were a judgment rendered in the Circuit Court, and such award shall thenceforth have the force and effect of such a judgment, and shall be entered upon the judgment docket of said court.

Bonds.

Oaths of office.

Suits upon bonds.

SEC. 9. It shall be lawful for said corporation, when they shall think proper, to receive and require of and from their officers, whether elected or appointed, good and sufficient bonds for the faithful discharge of their duties and trusts; and the President or Secretary is hereby authorized to administer such oaths of office as may be prescribed in the By-Laws or Rules of said corporation. Said bonds shall be made payable and conditioned as prescribed by the Rules or By-Laws of said corporation, and may be sued and the moneys collected and held for the use of the party injured, or such other use as may be determined upon by said corporation.

Inspectors, gaugers, and weighers.

Certificates, evidence of quantity, grade, or quality.

Employment of appointee not obligatory.

SEC. 10. Said corporation shall have power to appoint one or more persons, as they may see fit, to examine, measure, weigh, gauge, or inspect flour, grain, provisions, liquor, lumber, or any other articles of produce or traffic commonly dealt in by the members of said corporation; and the certificate of such person or inspector as to the quality or quantity of any such article, or their brand or mark upon it, or upon any package containing such article, shall be evidence between buyer and seller of the quantity, grade, or quality of the same, and shall be binding upon the members of said corporation, or others interested, and requiring or assenting to the employment of such weighers, measurers, gaugers, or inspectors; nothing herein contained, however, shall compel the employment, by any one, of any such appointee.

Fines.

Shall not exceed five dollars.

SEC. 11. Said corporation may inflict fines upon any of its members and collect the same, for breach of its Rules, Regulations, or By-Laws; but no fine shall exceed five dollars. Such fines may be collected by action of debt, before a justice of the peace, in the name of the corporation.

Limitation of powers.

SEC. 12. Said corporation shall have no power or authority to do or carry on any business excepting such as is usual in the management of boards of

trade or chambers of commerce, or as provided in the foregoing sections of this bill.

WM. R. MORRISON,
Speaker of the House of Representatives.

JOHN WOOD,
Speaker of the Senate.

Approved February 18, 1859:

WM. H. BISSELL.

UNITED STATES OF AMERICA, STATE OF ILLINOIS } ss.

Certificate. I, O. M. HATCH, Secretary of State of the State of Illinois, do hereby certify that the foregoing is a true copy of an enrolled law now on file in my office.

In witness whereof, I have he unto set my hand and affixed the great Seal of the State, at the City of Springfield, this seventh day of March, A. D. 1859.

O. M. HATCH,
Secretary of State

[SEAL]

RULES AND REGULATIONS

—OF THE—

Board of Trade of the City of Chicago

IN FORCE APRIL 1, 1944

OBJECTS

Preamble. The objects of the Association are: To maintain a Commercial Exchange; to promote uniformity in the customs and usages of merchants; to inculcate principles of justice and equity in trade; to facilitate the speedy adjustment of business disputes; to acquire and to disseminate valuable commercial and economic information; *and, generally*, to secure to its members the benefits of co-operation in the furtherance of their legitimate pursuits.

In accordance with franchises conferred by its Charter, and to accomplish the objects sought by the Association in its organization,

THE BOARD OF TRADE OF THE CITY OF CHICAGO has adopted, for its direction and government, the following Rules and Regulations.

RULES

CHAPTER I.

Definitions.

1. Whenever used in these Rules and Regulations, unless the context otherwise requires, the following words and expressions shall be defined as follows:

2. And.—May be construed as "or," and vice versa when the sense requires.

3. Association.—The Board of Trade of the City of Chicago.

4. Board.—The Board of Directors of the Association.

5. Bulletin Board.—The bulletin board in the Exchange Hall where notices are customarily posted.

6. Business Day.—Days when the Association is open for business.

7. Cash Grain.—Spot grain and grain to arrive.

*8. Cash Grain Broker.—A member who negotiates purchases or sales of cash grain for a brokerage.

9. Chicago District.—The Chicago District as now or hereafter defined in the joint railroad tariffs of the railroads entering Chicago.

10. Check Slips.—Confirmation of trades between members, as defined in the By-Laws or Resolutions of the Clearing House.

11. Clearing House.—The Board of Trade Clearing Corporation, or such other corporation or agency as may be authorized to clear trades for members.

12. Clearing Member.—A member of the Association who is also a member of the Clearing House.

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*See "Rulings."

13. COMMISSION MERCHANT.—A member who makes a trade, either for another member or for a non-member, but who makes the trade in his own name and becomes liable as principal as between himself and the other party to the trade.

14. COMMODITY.—Any commodity which may be dealt in under Rules or Regulations of the Association.

15. CUSTOMER'S MAN.—When used in these Rules and Regulations, shall be considered as synonymous with Solicitor.

16. EXCHANGE CONTRACTS AND MEMBERS' CONTRACTS.—All contracts of members of the Association, or of firms or corporations registered under the Rules and Regulations, with other members of the Association, or firms or corporations registered under the Rules and Regulations, for the purchase or sale of commodities, or for the purchase, sale, borrowing, loaning, or hypothecation of securities, or for the borrowing, loaning or payment of money, whether occurring upon the floor of the Exchange or elsewhere, are members' contracts.

Exchange Contracts shall include all Members' Contracts:

(1) Made on the Exchange;

(2) Not made on the Exchange, unless made subject to the rules of another Exchange, or unless the parties thereto have expressly agreed that the same shall not be Exchange Contracts.

The provisions of the Rules and Regulations of the Association shall be part of the terms and conditions of all Exchange Contracts and all such contracts shall be subject to the exercise by the Board, the Standing Committees, and the Clearing House of the powers in respect thereto, vested in them by the Rules and Regulations. And all such contracts shall be subject to all Rules or Regulations subsequently adopted, where such Rules or Regulations are expressly made applicable to existing contracts.

17. FLOOR BROKER.—A member who makes contracts for the account of other members.

18. FOLLOWING DAY, or other similar expression.—The following business day.

19. FUTURE DELIVERY CONTRACT.—A contract made on Change for the purchase or sale of any commodity for delivery in the future, pursuant to the Rules and Regulations which call for delivery in store.

*20. GRAIN.—Wheat, corn, oats, rye, barley, flaxseed and soy beans.

21. GRAIN TO ARRIVE.—Grain bought at outside points for shipment to the Chicago District, subject to Chicago Board of Trade weights or Chicago inspection.

22. HOLIDAY.—Any day declared to be a holiday by the statutes of Illinois, or any day upon which the Exchange shall be closed pursuant to a resolution of the Board.

23. LIST.—The list of securities admitted to dealings on the Exchange.

24. MEMBER.—A member of the Association.

25. NON-CLEARING MEMBER.—A member of the Association who does not clear trades in his own name.

26. NON-MEMBER.—A non-member of the Association.

27. NOTICE.—A notice in writing served personally upon the person to be notified, or left at his usual place of business during business hours, or mailed by registered mail to his residence.

28. ON THE EXCHANGE, OR ON CHANGE.—In the Exchange Halls during regular trading hours on business days.

29. OUTSIDE POINTS.—Points outside of the Chicago District.

30. PRESIDENT.—The President of the Association.

31. PRIVILEGE OF THE FLOOR.—The privilege of coming on the floor of the Exchange.

32. RAILROAD RECEIPTS.—Bills of lading, or railroad receipts therefor, or switching receipts.

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*Amended March 14, 1935.

33. REGULATIONS.—The Regulations of the Association adopted by the Board.

34. RULES.—The Rules of the Association adopted by the membership.

In all such expressions as "under the Rules," "according to the Rules," or "subject to the Rules," the word "Rules" shall mean the Charter, Rules, and Regulations of the Association and all amendments thereto.

35. SECRETARY.—The Secretary of the Association.

36. SECURITY OR SECURITIES.—Stocks, Bonds, Notes, Certificates of Deposit or Participation, Trust Receipts, Rights, Warrants, and other similar instruments.

37. SINGULAR.—Shall import the plural, and vice versa, when the sense requires.

38. SOLICITOR.—A member or non-member who solicits business for a member.

39. SPOT GRAIN.—Grain located in the Chicago District subject to sale for immediate delivery.

*40. STOP ORDER OR STOP LOSS ORDER.—An order to buy or sell when the market reaches a specified point. A stop order to buy becomes a market order when the commodity or security sells (or is bid) at or above the stop price. A stop order to sell becomes a market order when the commodity or security sells (or is offered) at or below the stop price.

41. TRADE.—Transaction on Change.

42. TRANSACTION ON CHANGE.—Any purchase or sale of any commodity or security in the Exchange Halls during regular trading hours on business days.

43. TREASURER.—The Treasurer of the Association.

**43-A. VESSEL OWNER, BROKER OR AGENT.—A resident member, whose sole occupation is the management of vessels and/or the conducting of a vessel agency or vessel brokerage business in the chartering of vessel space.

44. VICE-PRESIDENT.—A Vice-President of the Association.

*Amended August 12, 1937; see Regulation 1865 for Odd Lots.

**Adopted October 11, 1933. See "Rulings."

CHAPTER 2.

Meetings of Members and Elections.

*50. Elective Officers.—At the annual election, there shall be elected by the Members of the Exchange, a President, a First Vice-President, a Second Vice-President, five Directors, five members of the Committee of Arbitration, five members of the Committee of Appeals, and two members of the Nominating Committee, all of whom shall be members of the Exchange and are referred to in these Rules as the "elective officers."

†51. Nominating Committee.—The Nominating Committee shall consist of six elected members, whose term of office shall be for three years, and one member appointed for a term of one year by the President, with the approval of the Board. These seven members shall elect their own chairman.

‡51-A. Nominations.—During the month of November following their election, the Nominating Committee shall hold at least three meetings, of which due notice shall be posted on the bulletin board, and all members may attend such meetings, and suggest nominees for the offices to be filled at the following election. In selecting candidates, the Committee shall give special consideration to the desirability of having all interests of the Association represented on the Board and on each of the three elective committees. Prior to December tenth, the Committee shall furnish the Secretary with a list of its nominations, which shall be known as the regular ticket. In case any nominee on the regular ticket withdraws or becomes ineligible it shall become the duty of the Nominating Committee to nominate another candidate. Promptly upon its submission, the list shall be posted by the Secretary upon the bulletin board.

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*Amended December 1, 1933; December 9, 1935; December 9, 1936; March 29, 1939; November 6, 1939; May 12, 1943.
†Amended January 22, 1936; November 6, 1939.
‡Adopted November 6, 1939; Amended November 24, 1943.

Other nominations may be made by petition, signed by not less than forty members in good standing and filed with the Secretary at least fifteen business days prior to the annual election. Promptly upon submission of petitions, the names of candidates shall be posted by the Secretary upon the bulletin board.

*52. Annual Election and Annual Meeting.—The annual election shall be held in the Exchange Hall, on the first Monday after the seventh day of January in each year, between 10 A. M. and 2:30 P. M. The annual meeting shall be held on the next following Monday at 2:30 P. M.

†53. Vote Necessary.—A majority of all votes cast shall be necessary for a choice for President, or for First Vice-President, or for Second Vice-President, but for all other elective offices a plurality shall elect. If no person receives a majority for President, or for First Vice-President, or for Second Vice-President, another ballot shall be taken fifteen days later; and, if again there shall be a failure to elect, a third ballot shall be taken on the fifteenth following day, when a plurality shall elect.

†54. Conduct of Elections.—The election shall be in charge of tellers appointed by the President. If the President appoints as teller a non-member employee of a member, the member shall require such employee to serve as teller upon the established terms. All votes shall be cast by secret ballot. No member shall vote who is not in good standing with the Association. No member shall vote by proxy. Members may vote by mail in the annual election in the manner prescribed in Rule 59. Ballots for Directors, Nominating Committee, and for members of the Committees of Arbitration and Appeal shall be rejected unless marked for a full ticket. The tellers shall receive the ballots and place the same in the ballot box, and shall keep a list of the members voting. After the election, the tellers shall count the ballots and report to the

*Amended March 22, 1937.
†Amended November 24, 1943.

President the names of the persons elected. The ballots shall be preserved for one month, and, upon request of any interested party, the Board may verify the correctness of the returns.

55. SPECIAL MEETINGS OF MEMBERS.—Special meetings of the members of the Association may be called by the Board or by the President. Upon written request of twenty-five members, the Secretary shall call a special meeting. Not less than three days' notice of such special meetings shall be given by the Secretary, either by announcement on Change or by written notice. Calls for special meetings shall state the objects thereof and no other business shall be considered except by unanimous consent.

56. QUORUM OF MEMBERS.—At members' meetings, one hundred members shall constitute a quorum, but a less number may adjourn the meeting to a subsequent time.

57. AMENDMENT OF RULES.—New Rules may be adopted and existing Rules may be amended or repealed by the membership. Proposed amendments may be recommended by the Board, and, upon such recommendation, the President shall call for a special ballot not less than ten days or more than sixty days after the proposed amendment shall have been posted upon the bulletin board. All votes shall be cast by secret ballot. Unless three hundred votes are cast, the vote shall be ineffective, and the President shall call for another special balloting for the resubmission of the proposal. If twenty-five members or more petition for any proposed amendment, the Board, within fifteen days, shall either approve and recommend the proposed amendment, or report to the petitioners the reasons for its disapproval. If, after such disapproval, one hundred members or more petition for such proposed amendment, a special balloting shall be called for in like manner as though the proposed amendment had been recommended by the Board.

58. AMENDMENT OF AMENDMENT OF RULES.—During the ten day period of posting, any proposed amendment may be amended by the majority vote of the Association at a special meeting held for the purpose of considering such amendment. If the proposed amendment is thus amended, the amended amendment shall then be posted for ten days before submission to the membership for balloting.

*59. VOTING BY MAIL.—At the annual election and at all balloting on propositions to amend the Rules, members may vote by mail in the manner and to the extent hereafter provided. At least eight days prior to the balloting, the Secretary shall send to each non-resident member, and, upon written request, shall furnish to each resident member (1) a ballot; (2) a copy of the question on which a vote is to be taken; (3) a small envelope having printed thereon "for ballot only"; (4) a form of letter of transmission addressed to the Secretary with a line for the signature of the member; and (5) a larger envelope addressed to the Secretary. The member shall mark the ballot and place the same in the smaller envelope, and shall then seal the smaller envelope and enclose the same, together with his signed letter of transmission, in the larger envelope, which he shall deliver or mail to the Secretary. The Secretary shall hand all of such letters to the tellers in charge of the balloting. The tellers shall open the outside envelopes and deposit the smaller sealed envelopes in the ballot box, and shall indicate upon their books that the members whose names are signed to the letters of transmission have voted. No ballots received after the polls have closed shall be counted. Non-resident members may vote by mail as above authorized at all ballotings on proposals to amend the Rules, except such Rules as pertain to commissions and brokerage. For the purpose of this Rule, a non-resident member shall be deemed one residing more than fifty miles from the Court House of Cook County, Illinois.

*Amended November 24, 1943.

CHAPTER 3.

GOVERNMENT.

*60. OFFICERS AND DIRECTORS.—The government of the Association, and the control and management of its property and business, shall be vested in the President, the First Vice-President, the Second Vice-President, fifteen Directors (called "Member-Directors") and three Directors (called "Nonmember-Directors") all of whom shall collectively constitute the Board of Directors.

*61. TENURE OF OFFICE.—The President, the First Vice-President, the Second Vice-President and five Member-Directors shall be elected annually at the annual election by the members. The three Nonmember-Directors first to be elected shall be elected at such meeting of the Board of Directors as shall be designated for that purpose by the Board of Directors in advance of such meeting, and the three Nonmember-Directors thereafter to be elected shall be elected by the Board of Directors as soon as conveniently possible following each annual election of Officers and Member-Directors. For each such election of Nonmember-Directors the candidates shall be nominated by the President with the approval of the Executive Committee. The President, the Vice-Presidents and the Nonmember-Directors shall hold office for one year and the Member-Directors for three years but all such Officers and Member-Directors shall hold over until their respective successors are elected and qualified. The term of office of the Nonmember-Directors shall expire at the first meeting of the Board of Directors held after each annual election of Officers and Member-Directors. The Officers and Member-Directors shall take office on the Monday following their election and the Nonmember-Directors shall take office immediately following their election.

*Amended December 1, 1933; amended December 9, 1935 (effective December 10, 1935). Amended December 21, 1937; May 12, 1943.

‡62. QUALIFICATIONS.—No person shall be an elective officer who shall not have been a member of the Exchange for at least one year next preceding his election. A Nonmember-Director may be a bona fide producer of commodities dealt in on the Exchange or a representative of the general public.

†63. QUORUM OF BOARD.—Eleven members of the Board shall constitute a quorum, but a less number may adjourn to a subsequent time.

65. SPECIAL MEETINGS.—Special meetings of the Board may be called by the President, and shall be called by the Secretary upon the written request of five Directors. The Secretary shall give at least one hour's notice of such meetings either by announcement on Change or by written notice. No business may be considered except that embraced in the call.

66. ABSENCE.—If any Director shall absent himself without an excuse from six consecutive regular meetings of the Board, his office may be declared vacant.

67. RULES OF ORDER.—Board meetings and members' meetings shall be conducted according to the established practices of parliamentary law. In case of dispute, Robert's Rules of Order shall govern.

68. EMPLOYEES.—Following each annual election, the Board shall appoint a Secretary and an Assistant Secretary, a Treasurer, and such other employees as may be necessary. The Board, by Regulation or otherwise, may prescribe the duties and fix the compensation of all employees. All employees shall hold office during the will of the Board.

*69. RETIREMENT.—The Board may retire any employee over sixty-five years of age who has been employed by the Association for twenty-five years or more, at an annual retirement compensation equal to one-half his average annual salary during the last five years of his service, but in no event to exceed $1,200 per annum. In case any retired employee at

*Amended July 10, 1940; December 19, 1941.
†Amended January 12, 1934 (effective January 16, 1934); amended December 9, 1935 (effective January 14, 1936); May 12, 1943.
‡Amended May 12, 1943.

the time of or subsequent to his retirement shall be entitled under the laws of any state or the federal government to any assistance compensation, pension, old age benefit, or other form of governmental financial assistance, any such assistance received by him shall be considered as a part, and in lieu of, an equal amount of the retirement compensation to be allowed him by the Board. In case the governmental financial assistance equals or exceeds one-half the average annual salary during the last five years of the employee's service, the Board shall not allow any retirement compensation, and if the governmental assistance is less than the Board's retirement compensation, the Board may pay the employee (or retired employee already receiving retirement compensation) the difference between the amount of the governmental assistance and the retirement compensation, but in no event shall the combined government assistance and retirement compensation exceed $1,200 per annum.

70. ANNUAL REPORT TO MEMBERS.—The Board, at each annual meeting of the members, shall make a complete report of all receipts and expenditures for the preceding year and an exhibit of the financial affairs, property, and general condition of the Association.

71. EXCHANGE HALLS.—The Board shall provide Exchange Halls which shall be open for trading during regular hours, except on Sundays and holidays. Complete jurisdiction over the Exchange Halls and all other parts of the building of the Association is vested in the Board.

72. REGULATIONS.—The Board may adopt Regulations not in conflict with the Rules, which shall have the binding effect of Rules.

†73. VACANCIES.—If a vacancy occurs in any elective office due to death, resignation or other reason, such vacancy may be filled by a successor elected by the Board of Directors to serve until the next annual election or his successor is elected and qualified; any such vacancy in any Nonmember-

†Amended May 12, 1943.

Directorship shall be likewise filled but the successor will serve only for the unexpired portion of the term.

74. PRESIDENT.—The President shall be the general executive officer of the Association and the Board, and shall exercise such powers and perform such duties as generally appertain to that office. Subject to the approval of the Board, he may appoint special committees and all other committees where the method of appointment is not otherwise provided for. He may also temporarily fill any vacancy in any appointive office. He shall preside at all Association and Board meetings. He shall execute all contracts upon behalf of the Association.

*75. VICE-PRESIDENTS.—The First Vice-President shall perform the duties of the President in his absence or disability. The Second Vice-President shall perform the duties of the President in the absence or disability of the President and the First Vice-President. In the absence or disability of the President and both Vice-Presidents, the Board may choose temporarily an Acting President.

76. SECRETARY.—The Secretary shall exercise such powers and perform such duties as generally appertain to that office. He shall also be charged with the following specific duties:

(a) To take charge of the books, papers, and corporate seal of the Association;

(b) To attend all meetings of the Association and the Board, and to keep official records thereof;

(c) To attend, in person or by representative, all meetings of the Committees on Arbitration and Appeals, and to keep an official record of the proceedings thereof. He shall also give notice to such Committees when their services are required, issue the necessary notices and papers to parties, and deliver to the interested parties copies of all awards or findings;

(d) To give notices when required of all Association and Board meetings;

(e) To conduct the correspondence of the Association under the direction of the proper officers;

*Amended December 21, 1937.

(f) To furnish to the Chairman of every Special Committee a copy of the resolution whereby such Committee was created;

(g) To post all notices which may be required to be posted upon the bulletin board;

(h) To collect all money due the Association for assessments, fines, fees, and otherwise, and to pay the same to the Treasurer;

(i) To keep his office open during usual business hours;

(j) To see that the rooms and property of the Association are kept in good order;

(k) To attest, upon behalf of the Association, all contracts and other documents requiring authentication;

(l) To issue to all inspectors, gaugers, weighers, and measurers, appointed by the Board, official certificates of their appointments under the seal of the Association;

(m) To permit members to examine the records of the Association upon reasonable request;

(n) To post on the bulletin board from time to time the names of all warehouses, the receipts of which are declared regular for delivery, and also, upon direction of the Board, to post any fact tending to impair the value of receipts issued by such warehouses;

(o) To perform such other duties as the Board may from time to time direct;

(p) To post the names of all securities admitted to or stricken from the List.

77. ASSISTANT SECRETARY.—The Assistant Secretary shall perform such duties as the Secretary or the Board may require, and shall act as Secretary in the absence or disability of the Secretary.

78. TREASURER.—The Treasurer shall have general charge of all funds belonging to the Association, and shall be charged with the following specific duties:

(a) The Treasurer shall receive from the Secretary deposit of funds belonging to the Association. Checks against such funds shall be signed and countersigned by any two of the following officers, namely, the President, First Vice-President, Second Vice-President, Secretary and Assistant Secretary;

(b) To make an annual report to the Association of all receipts and disbursements;

(c) To keep all of his accounts in permanent books of account belonging to the Association, which books shall at all times be open to the examination of the Board or any committee thereof.

79. DEPARTMENTS.—The Board is authorized to establish and maintain such departments as it may deem necessary from time to time, and to make all needful Regulations applicable thereto. The following are specifically authorized:

(a) A New Building Fund Department to perform the duties prescribed by former Rule IV, Section 23. The charges levied by such Rule, and the conditions pertaining thereto, are continued in effect. (See Rule 700);

(b) A Transportation Department to perform such services as may be required in connection with traffic and transportation problems;

(c) A Sampling Department to sample commodities for such purposes as may be prescribed;

(d) An Inspection Department to standardize and inspect commodities and the packing thereof;

(e) A Car Inspection Department to inspect incoming cars loaded with grain;

(f) A Weighing Department to weigh grain and other commodities and to issue official certificates of weight therefor;

*(g) A Custodian Department to furnish a custodian to take and hold possession of commodities placed under his control as agent for such persons as may be designated;

(h) A Market Report Department to compile and make proper disposition of the market reports and records of the Association;

(i) A Warehouse Department to regulate and control warehouses, the receipts of which are made regular under the Rules and Regulations of the Association.

80. CORNERS IN SECURITIES.—If, at any time, in the opinion of the Board, a corner has been created in a security listed, or a single interest or group has acquired such control of a security so listed that the same cannot be obtained for delivery on

*Approved Illinois Commerce Commission June 29, 1933.

existing contracts except at prices and on terms arbitrarily dictated by such interest or group, the Board may postpone the time for deliveries on Exchange contracts therein, and may from time to time further postpone such time or may postpone deliveries until further action by the Board, and may at any time by resolution declare that if such security is not delivered on any contract calling for delivery thereof at or before the time to which delivery has been postponed or which has been fixed by the Board for such delivery, such contract shall be settled by the payment to the party entitled to receive such security or by the credit to such party of a fair settlement price, determined as hereinafter provided. If the parties to any contract which is to be settled on the basis of such fair settlement price do not agree with respect thereto, such fair settlement price and the date for the payment of the same may be fixed by the Board. The Board before fixing the same shall give the parties to the contract which is to be settled on the basis thereof an opportunity to be heard either before the Board or before a Special Committee appointed for that purpose. Any such Special Committee shall report the testimony taken, together with its conclusions thereon, to the Board, which may act upon such report without further hearing or, in its discretion, may accord the parties a further hearing before acting thereon.

*81. FLUCTUATIONS IN PRICES.—The Board at any time, upon ten hours' notice by Regulation, may provide that there shall be no trading during any day in any grain, provisions, or cottonseed oil for delivery in any specified month at prices more than a fixed limit above or below the average closing price of the preceding business day.

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*Amended June 29, 1933; amended January 12, 1934; amended October 14, 1935; December 9, 1936, and December 14, 1938. (See Regulations 1823 and 1823-A.)

†82. BUSINESS CONDUCT COMMITTEE.—(a) Membership—The President, with the approval of the Board, shall appoint from the membership three members of a Business Conduct Committee who are not serving as Directors or officers of the Association, one for a term expiring February 1, 1935, one for a term expiring February 1, 1936, and one for a term expiring February 1, 1937, and thereafter each year, the President, with the approval of the Board, shall appoint one member of such Committee for a period of three years dating from February 1 in each year. The three members thus appointed, together with the President of the Association, or in his stead, a Director of the Association, designated by the President, and the President of the Clearing House, or in his stead a Governor of the Clearing House, designated by the President thereof, shall constitute the Business Conduct Committee and be the regular members thereof. If neither the President nor a Governor of the Clearing House is able to serve as a regular member of the Committee, the President of the Association shall appoint in his stead any member of the Association. A vacancy in the Committee shall be filled for the unexpired term in the same manner as is provided above.

(b) Qualifications of Members—No person shall serve as regular or alternate member unless and until he has first pledged himself to the Association that, during the period of such service, he will not, (1) speculate for his personal account in any commodity which is traded in on the Board of Trade of the City of Chicago. (2) publish, divulge, or make known in any manner except when reporting to the Directors or to a committee concerned with such information, or when called upon to testify in any judicial or administrative proceeding, any facts regarding the business of any person or any other confidential information which may come to the knowledge of such member in his official capacity. No

†Adopted April 9, 1934. Amended December 9, 1936. Amended January 30, 1941.

member shall act on any matter in which he has a financial or other prejudicial interest. For the purposes of this rule, a financial interest shall include not only that of the member himself but also that of a partner, a dependent, a firm of which he is a co-partner, or a corporation of which he is an officer or stockholder. The other members of the Committee shall determine whether any member has such financial or other prejudicial interest.

(c) Business Conduct Committee on Particular Matter—If the Business Conduct Committee shall determine that it is improper for any or all of its regular members to serve during the consideration and decision of any particular matter, or if any or all the regular members shall be unable to serve during the consideration and decision of any particular matter, the Business Conduct Committee may request the President to appoint an alternate or alternates to sit throughout the investigation, hearing, and decision of such matter. The President shall have the power to appoint any member or members as such alternate or alternates. When so appointed such alternate or alternates shall, with respect to such particular matter, have all the powers and duties of the regular member or members for whom he is or they are acting, and the "Committee on Particular Matter," consisting of such alternate or alternates, and the remaining regular members of the Business Conduct Committee, if any, shall with respect to such particular matter have all the duties and powers of the regular Business Conduct Committee. During such period as a Committee or Committees on a Particular Matter or Matters are functioning, the regular Business Conduct Committee and the regular members thereof shall continue to have all the powers and to perform all of the duties concerning matters not under consideration by a Committee or Committees on Particular Matters.

(d) Duties of Committee—The Committee shall determine the manner and form in which its proceedings shall be conducted. A representative of the Commodity Exchange Ad-

ministration may be invited to attend any or all meetings of the Committee. The Committee shall be charged with the duty and authority to prevent manipulation of prices and the cornering of any commodity as provided in Section 5 (d) of the Commodity Exchange Act, and shall also have general supervision of the business conduct of members, registered partnerships and corporations, particularly in so far as such conduct affects (1) non-member customers; (2) the public at large; (3) the State Government; (4) the Federal Government; (5) public opinion; and (6) the good name of the Association. The Committee in performing its duties may investigate the dealings, transactions, and financial condition of members, registered partnerships and corporations, may examine their books and papers upon request, and may prescribe such capital requirements as it deems appropriate. The Committee may employ such auditors and other assistants as it may deem necessary, and all expenses incident thereto shall be payable from the funds of the Association. Members under investigation shall be advised of the nature of the investigation, and may appear before the Committee and offer such testimony, explanation, or justification as they may wish. If, as the result of any investigation, the Committee finds that a particular course of conduct is, or thereafter would be, unfair or unjust, or in violation of the law or the Rules of the Association, or calculated to impair the good name of the Association, the Committee shall notify the member in writing of its conclusions, and direct such member to cease and desist from such past or proposed conduct. The finding and conclusions of the Committee in the premises shall be final and without appeal. Any member who fails to appear before the Committee pursuant to its request, or to submit his books and papers to the Committee for examination, or who conducts himself in violation of any order of the Committee after having been duly notified thereof, shall be charged with an offense against the Association, and if found guilty shall either be expelled or suspended by the Board.

*83. NONMEMBER DIRECTORS.—Each Nonmember-Director shall be deemed to have agreed to observe and be bound by the charter, rules and regulations of the Association (and all amendments subsequently made thereto) while such a Nonmember-Director. He shall not be entitled to membership in or incur any obligation to the Board of Trade Gratuity Fund, and rules and regulations in regard thereto shall have no application to him. He shall have the right to go upon the floor of the Exchange, but shall not have the right to transact business thereon, and shall have only such other rights as are specifically granted to Directors under the rules and regulations. The Board of Directors is authorized to pay traveling expenses for Nonmember-Directors.

*Adopted May 12, 1943.

CHAPTER 4.

MEMBERSHIPS.

100. QUALIFICATIONS.—Any male person of good character and credit and of lawful age is eligible for membership.

101. APPLICATION FOR MEMBERSHIP.—Application for membership shall be in writing, signed by the applicant, and endorsed by two members.

102. MEMBERSHIP COMMITTEE.—All applications for membership shall be referred to the Membership Committee, before whom the applicant and his sponsors must appear in person for examination if requested.

103. POSTING APPLICATIONS.—An application for membership must be posted upon the bulletin board for ten days before the applicant may be elected to membership.

*104. VOTE REQUIRED TO ELECT.—Election to membership shall be by secret ballot of the Board, and during 1936 twelve affirmative votes and thereafter ten affirmative votes shall be necessary to elect. If three negative votes are cast, the applicant shall not be elected.

†105. PROCURING MEMBERSHIP.—No person shall become a member unless he procures a membership by assignment. An applicant must qualify within thirty days after he has been elected and notified; otherwise his election shall be deemed vacated.

106. MEMBERSHIP OBTAINED BY FRAUD.—A membership obtained by fraudulent representations or concealment shall be disposed of by the Board.

107. AGREEMENT TO OBSERVE RULES AND REGULATIONS.—Applicants for membership shall be required to sign a written agreement to observe and be bound by the Charter, Rules, and Regulations of the Association, and all amendments subsequently made thereto.

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*Amended January 12, 1934; amended December 9, 1935 (effective January 14, 1936).

†See Regulation 1807.

108. ASSESSMENTS.—The Board, previous to the annual meeting, shall levy assessments upon the memberships to meet the estimated financial requirements of the ensuing year and any deficit of the preceding year, and the amount of such assessments shall be reported to the members at the annual meeting.

***108-B. MEMBERS IN MILITARY SERVICE.—The Board shall have authority to remit the assessments of a member during the period in which such member is in the military service of the United States, as such service is defined in the Soldiers' and Sailors' Civil Relief Act of 1940, as passed by Congress and as it may be amended.**

****109. NEGLECT TO PAY ASSESSMENT.—Any member who neglects to pay his assessment, or installments thereof, within thirty days after such assessment, or installments thereof, has been called for payment may be suspended until such assessment, or installments thereof, is paid. If a member neglects to pay such assessment, or installments thereof, during a period of six consecutive months, his membership (a) may be disposed of by the Board; (b) or may be forfeited and cancelled by the Board.**

†110. TRANSFER OF MEMBERSHIP.—Membership in this Association is a personal privilege, not subject to transfer except as herein authorized. When a member wishes to transfer his membership he shall sign an offer to transfer, in such form as shall be prescribed by the Board. If a satisfactory purchaser is approved for membership the transfer may be consummated upon the payment by the purchaser to the Association of a transfer fee. The membership of a deceased member may be transferred by his legal representative.

A member who has made a contract for the transfer of his membership shall not, after the tenth day of the posting of

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*Adopted January 30, 1941. See Regulation 1844.
**Amended March 22, 1937; June 16, 1941; June 12, 1942.
†See Regulation 1807. Amended March 22, 1937; June 2, 1937.

notice of the proposed transfer, make any contracts on the Exchange, pending the approval or disapproval of the Board of the proposed transfer.

On the tenth day after the posting of notice of proposed transfer of membership, all Exchange contracts of the member proposing to make the transfer shall mature, and, if not settled, shall be closed out as in the case of an insolvency, unless the same are assumed or taken over by another member of the Association.

Notice of a transfer to be made by the Board shall be posted as in the case of a voluntary transfer and shall have the same effect in respect to open contracts and unmatured debts and obligations of the former member as in the case of a voluntary transfer.

*111. Transfer Fees.—No transfer of membership may be consummated unless the purchaser pays to the Association a transfer fee amounting to 5 per cent of the sale price of the membership, provided, however, that no transfer fee so collected shall be less than $250 or more than $500. All transfer fees so collected (including those collected prior to March 22, 1937), shall be used to purchase, retire or reduce the mortgage obligations of the Chicago Board of Trade Safe Deposit Company.

†112. Proceeds of Membership.—Upon any transfer of membership, whether made by a member voluntarily or by the Board, the proceeds thereof shall be applied to the following purposes and in the following order of priority, viz.:

First. The payment of all dues, fines, contributions, and charges payable to the Association by the member whose membership is transferred, and all indebtedness of such member thereto and to the Gratuity Fund;

Second. Payment of all dues, fines, assessments and charges payable by such member to the Clearing House and all indebtedness of such member thereto;

*Amended February 25, 1932; March 22, 1937; amended June 2, 1937.
†Amended December 9, 1936. See "Rulings."

Third. The payment to creditors, who are members of the Association or who are registered corporations or partnerships under Rule 226, of all filed claims arising from Members' Contracts if and to the extent that the same shall be determined by the Board to have arisen out of contracts had between the parties thereto in the ordinary course of business, and shall have been allowed by the Board.

All contracts which do not, pursuant to Section 110 of this Chapter, mature by reason of the transfer of the membership may for the purposes hereof be treated as though they had matured pursuant to said Section, and the amount due thereon may be fixed and determined by the Board on the basis of market values or such other basis as shall be deemed fair and just by the Board.

If a claim based on a contract is contingent or the amount that will ultimately be due thereon cannot for any reason immediately be ascertained and determined, the Board may out of the proceeds of the membership reserve and retain such amount as it may deem appropriate pending the determination of the amount due on such claim.

A claim shall be allowed by the Board only for the amount due thereon if the proceeds of the sale of all collateral held therefor or the fair value of such collateral as determined by the Board has been credited thereon and the Board may require that all such collateral shall be disposed of before passing on the claim;

Fourth. If the proceeds of a transfer of membership are insufficient to pay all filed claims arising out of contracts allowed by the Board, such claims shall be paid pro rata, except as provided in Rules 113 and 114 of this Chapter;

Fifth. The surplus, if any, of said proceeds shall be paid to the person whose membership is transferred or to his legal representatives upon the execution by him or them of a release or releases satisfactory to the Board.

*113. Filing Claims.—A member to establish his claim and to become entitled to his rights under Rule 112 of this Chapter to share in the proceeds of a membership, shall file a statement of his claim before the membership has been trans-

*Amended March 16, 1933.

ferred. Claims if not so filed and allowed by the Board may be paid out of any surplus after all other claims allowed by the Board have been paid in full and shall be paid in preference to claims referred to in Rule 114 of this Chapter.

114. CLAIMS OF PARTNERS.—Claims growing out of transactions between partners, who are members of the Association, shall not share in the proceeds of the membership of one of such partners until all other claims as allowed by the Board have been paid in full.

*115. DECEASED OR INCOMPETENT MEMBER.—When a member dies, or when a conservator is appointed for him or his estate, his membership may be disposed of by the Board. If the deceased or incompetent member has neglected to pay assessments, Rule 109 shall apply to the disposition of his membership by the Board.

116. EXPELLED MEMBER.—When a member is expelled or becomes ineligible for reinstatement, his membership may be disposed of forthwith by the Board.

†117. CREDITORS OF DECEASED, INCOMPETENT, SUSPENDED, OR EXPELLED MEMBER.—The death, incompetency, expulsion, or suspension of a member shall not affect the rights of creditors under the provisions of Rule 112 of this Chapter.

†118. DEATH OR INCOMPETENCY OF CREDITOR MEMBER.—When a member is in debt to another member, the death or incompetency of the creditor member or the transfer of his membership, either by his estate or by the Board, shall not affect the rights of said creditor member, his firm, corporation, or estate, to share in the proceeds of the membership of the debtor member under this Chapter, in the same manner and to the same extent as if such creditor member had not died or become incompetent or his membership had not been transferred.

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*Amended December 9, 1936; June 16, 1941.
†Amended December 9, 1936.

119. INSOLVENCY.—A member who fails to perform his contracts or is insolvent, or who is a partner in a firm registered upon the Association, or who is registered for a corporation, which fails to perform its contracts or is insolvent, shall immediately inform the Secretary in writing that he or his firm or corporation is unable to meet his or its engagements, and prompt notice thereof shall be given to the Association. He shall thereby become suspended from membership until, after having settled with his creditors or the creditors of his firm or corporation, he has been reinstated by the Board.

120. ANNOUNCEMENT OF SUSPENSION.—Whenever it shall appear to the President that a member, firm, or corporation registered upon the Association has failed to meet his or its engagements, or is insolvent, or the President has been advised by the Business Conduct Committee or the Board of Governors of the Clearing House that such member, firm, or corporation is in such financial condition that he or it cannot be permitted to continue in business with safety to his or its creditors or the Association, the Secretary shall announce to the Association the suspension of such member, firm, or corporation, which suspension shall continue until the member has been reinstated as provided in the last preceding Rule.

121. INSOLVENT MEMBER.—When announcement is made of a suspension of a member, firm, or corporation pursuant to the Rules and Regulations, members having Exchange contracts with the member, firm, or corporation may proceed to close the same on the Exchange or in the best available market, except in so far as the By-Laws and Resolutions of the Clearing House are applicable and provide the method of closing. Should a contract not be closed, as above provided, the price of settlement shall be fixed by the Board.

122. INVESTIGATION.—Every member suspended under the provisions of this Chapter shall immediately afford every facility required by the Board for the investigation of his affairs, and shall, after the announcement of his suspension, file with the Secretary a written statement covering all infor-

mation required by the Board, including a complete list of his creditors and the amount owing to each.

123. SUSPENDED MEMBER.—TIME FOR SETTLEMENT.—If a member suspended under the provisions of this Chapter fails to settle with his creditors and fails to apply for reinstatement within one year from the date of his suspension, or within such further time as the Board may grant, or fails to obtain reinstatement as elsewhere herein provided, his membership may be disposed of by the Board.

The Board may, by a two-thirds vote of the members present, extend the time of settlement for periods not exceeding one year each.

124. REINSTATEMENT.—When a member suspended under the provisions of this Chapter applies for reinstatement, notice thereof shall be given by the Secretary to the members of the Association by notifying each member of such application directly and by posting notice upon the bulletin board at least fifteen days prior to the consideration by the Board of such application. The applicant shall furnish to said Board the list of his creditors, a statement of the amounts originally owing and the nature of the settlement in each case. If he furnishes satisfactory proof of settlement with all of his creditors, the Board shall proceed to ballot for him

Failing to receive the approving vote of two-thirds of the members of the Board present, the applicant shall be entitled to be balloted for at two subsequent regular meetings of the Board to be designated by himself; provided, however, that the three ballots to which the applicant shall be entitled, shall be within one year from the date of his suspension, or within such further extended time for settlement as may have been granted by the Board.

Whenever the Board shall determine that a member suspended under the provisions of this Chapter has been guilty of irregularities or unbusinesslike dealings, said member may

by a two-thirds vote of all the members of the Board be declared ineligible for reinstatement.

125. Discipline During Suspension.—A member suspended under the provisions of this Chapter may be proceeded against by the Board for any offense committed by him either before or after the announcement of his suspension, in all respects as if he were not under suspension.

126. Commission Rates for Suspended Members.—A member suspended under the provisions of this Chapter may, for the purpose of liquidation only, have his business transacted at members' rates.

127. Membership Transfer.—All purchases or sales of membership privileges shall be made through the Office of the Secretary pursuant to Regulations adopted by the Board and no commission or other compensation for services in connection with the purchase or sale of a membership in the Association shall be paid.

128. Office Address.—Every member shall register with the Secretary an address and subsequent changes thereof where notices may be served.

129. Branch Offices.—Members may, with the consent and approval of the Market Report Committee, establish offices other than main offices. Such offices must be in charge of a partner or of a manager or clerk acceptable to said Committee. All offices of members and all employees thereof shall be subject to such Rules as may be prescribed from time to time by the Market Report Committee with the approval of the Board.

The privilege provided for under this Rule shall extend to a branch house or branch office only when conducted under the same name as the parent firm or corporation and when the ownership interests therein are identical with the respective interests in the parent firm or corporation.

130. SUSPENSION FOR DEFAULT.—Where a member fails or refuses to perform an exchange contract with or pay obligations arising out of such contracts to another member, the defaulting member, on complaint of the other member, shall be suspended until the contract is performed or the debt satisfied. Registered firms and corporations shall be deemed members under this Rule. If the member alleged to be in default denies the default, he shall be entitled to have the claim arbitrated. If the claim is admitted or established by a final arbitration award, the defaulting member shall be suspended until he has satisfied and discharged all debts owing to members on exchange contracts. Application for reinstatement shall allege, under oath, that all such debts have been discharged, and notice of such application shall be posted on the bulletin board fifteen days prior to the hearing of such application.

*131. GRATUITY FUND.—The Board, by Regulation, may provide, subject to such conditions as may be prescribed, that all persons who hereafter become members of the Association shall also become members of the Board of Trade Gratuity Fund.

*See Regulation 1808.

CHAPTER 5.

Offenses and Punishment.

140. Expulsion and Suspension from Membership.—Unless otherwise specifically provided, the penalty of suspension from membership may be inflicted, and the period of suspension determined, by the vote of a majority of the members of the Board present, and the penalty of expulsion from membership or of ineligibility of a suspended member for reinstatement may be inflicted by a vote of two-thirds of the members of the Board present.

141. Inequitable Proceedings.—A member who shall have been adjudged by a majority vote of the members of the Board present guilty of a violation of any Rule or Regulation of the Association or any By-Law or Resolution of the Clearing House, regulating the conduct or business of members, or guilty of violating any agreement made with the Association, or guilty of fraud, dishonorable or dishonest conduct, or of conduct or proceedings inconsistent with just and equitable principles of trade, or be guilty of making default on contracts for future delivery (unless the Board shall determine that such default was unintentional), may be suspended or expelled as the Board may determine, unless the offense is the violation of a Regulation or Rule for which a different penalty has been provided, in which case the other penalty may be imposed.

142. Fictitious Transactions.—A member who shall be adjudged by a majority of the members of the Board present guilty of making a fictitious transaction or of giving an order for the purchase or sale of commodities or securities, the execution of which would involve no change in ownership, or of executing such an order with knowledge of

its character, shall be suspended or expelled as the Board shall determine.

143. DEMORALIZATION OF MARKET.—Purchases or sales of commodities or securities, or offers to purchase or sell commodities or securities, made for the purpose of upsetting the equilibrium of the market and bringing about a condition of demoralization in which prices will not fairly reflect market values, are forbidden and any member who makes or assists in making such purchase or sale or offers to purchase or sell with knowledge of the purpose thereof, or who, with such knowledge shall be a party to or assist in carrying out any plan or scheme for the making of such purchases or sales or offers to purchase or sell, shall be deemed to be guilty of an act inconsistent with just and equitable principles of trade.

144. MISSTATEMENTS.—Whenever the Board shall adjudge that a member has made a misstatement upon a material point to the Board, or to a Standing or Special Committee, or to the Executive Committee, or to the Board of Governors of the Clearing House, or on his application for membership has made a material misstatement, the Board shall suspend or expel said member as it may determine.

Whenever the Board shall adjudge that a member, prior to his application for membership, has been guilty of a fraudulent, dishonorable, or dishonest act and that the facts and circumstances thereof were not disclosed on his application for membership, the Board may expel or suspend such member.

*145. ACTS DETRIMENTAL TO WELFARE OF THE ASSOCIATION.—A member, who shall have been adjudged by a majority vote of the members of the Board present guilty of any act which may be detrimental to the interest or welfare of the Association, may be suspended or expelled as the Board may determine, unless the offense is the violation of a Rule or Regulation for which a different penalty has been provided, in which case the other penalty may be imposed.

*See "Rulings."

146. RECKLESS DEALING.—Reckless and unbusinesslike dealing is inconsistent with just and equitable principles of trade.

147. INVITATION TO SUBSCRIBE.—When securities are offered for subscription by a member, and the invitation to subscribe states the amount thereof to be presently offered, it is not consistent with just and equitable principles of trade for such member to deliver said securities to an amount greater than that stated in said invitation to subscribe.

148. INVESTMENT TRUST CORPORATION.—Participation by a member, or by a firm or corporation, registered under the provisions of these Rules and Regulations, in the formation or management of investment trust corporations, or similar organizations, which in the opinion of the Board involve features which do not properly protect the interests of investors therein, may be held to be an act detrimental to the interests or welfare of the Association.

149. CIRCULATION OF RUMORS.—The circulation in any manner of rumors of a sensational character by a member, in any case where such act does not constitute fraud or conduct inconsistent with just and equitable principles of trade, is an act detrimental to the interest or welfare of the Association.

Members shall report to the Secretary any information which comes to their notice as to the circulation of such rumors.

150. OTHER OFFENSES.—The Board may expel or suspend any member whom it shall determine to have:

(a) Attempted extortion;

(b) Traded systematically against the orders or position of his customers;

(c) Manipulated prices of or attempted to corner the market in any commodity or security;

(d) Disseminated false or inaccurate market information;

(e) Traded or accepted margins after insolvency;

(f) Made any trade for the account of or given up the name of any clearing member without authority from such clearing member;

(g) Been deprived of the privilege of trading under Section 6(b) of the Grain Futures Act;

(h) Traded for any person deprived of the privilege of trading under Section 6(b) of the Grain Futures Act;

(i) Accepted an order or made a trade for the Manager, Assistant Manager, or other employee of the Clearing House except in the exercise of their official duties;

(j) Failed to comply with an order of the Committee of Appeals or, if no appeal is taken, with an award of the Committee of Arbitration.

The enumeration in this Rule of specific offenses shall not limit or impair the right of the Board to proceed against any member under any other Section of the Rules and Regulations.

*151. Discretionary Orders.—No member, corporation, or firm shall permit an employee to accept discretionary orders for the purchase or sale of commodities or securities, nor shall any such employee exercise such discretion.

152. Bucketshop.—No member shall be directly or indirectly interested in or associated in business with, or have his office directly or indirectly connected by public or private wire or other method or contrivance with, or transact any business directly or indirectly with or for

(a) Any bucketshop; or

(b) Any organization, firm, or individual making a practice of dealing on differences in market quotations; or

(c) Any organization, firm, or individual engaged in purchasing or selling commodities or securities for customers and making a practice of taking the side of the market opposite to the side taken by customers.

153. Testimony and Production of Books and Papers.—If a member of the Association is required by the Board to submit his books and papers, or the books and papers of his

*See Regulation 1820 and "Rulings."

firm, or corporation, or any portion thereof, to said Board, or to any Standing or Special Committee, or to furnish any information to or to appear and testify before, or to cause any of his partners or employees to appear and testify before such Board or such Committee, and shall fail or refuse to comply with such requirement, he may be suspended or expelled as the Board may determine.

154. TESTIMONY, ETC., BEFORE OTHER EXCHANGES.—If the Board shall deem it is to the interest and welfare of the Association, or to the public interest, or in the interest of just and equitable principles of trade, to facilitate the examination by the authorities of another exchange of any transaction in which a member of the Association has been concerned and that the testimony of such member, his partners, or employees, or his books and papers, or the books and papers of his firm, or corporation, or any partner therein are material to such examination, and shall direct such member to appear and testify, or to cause any of his partners or employees to appear and testify, or to produce such books and papers before the authorities of said other exchange, or any committee thereof, for the purposes of such examination, and the member of the Association shall refuse or fail to comply with such direction, he may be adjudged guilty of an act detrimental to the interest or welfare of the Association.

155. CHARGES—FORM OF.—An accusation, other than those specified in Rule 158, charging a member before the Board with having committed an offense shall be in writing; it shall specify the charge or charges against such member with reasonable detail and shall be signed by the person or persons making the charge or charges. A copy of such charge or charges shall be served upon the accused member either personally or by leaving the same at his office address during business hours or by mailing it to him at his place of resi-

dence. He shall have five business days from the date of such service to answer the same or such further time as the Board in its discretion may deem proper. The answer shall be in writing, signed by the accused member, and filed with the Secretary. Upon the answer being filed, or if the accused shall refuse or neglect to make answer as hereinbefore required, the Board shall, at a regular or special meeting thereafter, proceed to consider the charge or charges; if such meeting be a special meeting, notice of the object thereof shall be sent to the Board. Notice of such meeting shall be sent to the accused member; he shall be entitled to be personally present thereat and shall be permitted in person to examine and cross-examine all the witnesses produced before the Board and also to present such testimony, defense, or explanation as he may deem proper. After hearing all the witnesses and the member accused, if he desires to be heard, the Board shall determine whether said member is guilty of the offense or offenses charged. If it determines that the accused is guilty, the Board may expel such member or may suspend him, as the case may be; the result shall be announced to the Association by the Secretary and a written notice thereof served upon the member in the manner hereinbefore provided. The finding of the Board shall be final and conclusive.

156. Investigating Committee.—If at any time the Board shall have reason to suspect that any member has been guilty of an offense against the Association and no accusation charging such offense has been filed, the Board shall appoint a Committee outside of its own number to investigate whether there is just ground for such suspicion. If the Committee decides that there is just ground for such suspicion, it shall file with the Board a written accusation against the suspected member charging him with a specific offense and stating in detail the acts or omissions complained of. Upon the trial of such charges, the Chairman or some other member of the

Committee which made the charges shall conduct the prosecution.

*157. Rehearing.—A suspended or expelled member may petition the Board of Directors for a rehearing. Upon presentation of the petition, the Board of Directors, by a majority vote, may instruct the President to appoint a committee of three members of the Board to examine the petition and determine whether or not the petitioner is entitled to a rehearing on the basis that his conviction was the result of false testimony or was otherwise unjust or improper.

After the committee reports its findings to the Board, the Board may, upon a majority vote, order a rehearing of the case. At such rehearing, the original charges shall be the basis upon which the rehearing is conducted. If it is found, upon a rehearing before the Board, that such member was wrongfully suspended or expelled, the suspension or expulsion may be mitigated in the discretion of the Directors. No suspension or expulsion shall be changed if three or more Directors vote against such action.

The petition of a suspended or expelled member for a rehearing shall be posted upon the bulletin board of the Exchange for at least one week prior to its presentation to the Directors.

158. Other Offenses — Summary Proceedings. — Disorderly conduct in or about the building of the Association, smoking or using profane or obscene language in the Exchange Halls, or the violation of any Regulation of any Standing or Special Committee which Regulation has been approved by the Board, may be held by the Board to be an offense. The penalty for such an offense shall be a fine or denial of the privilege of the floor for a period not exceeding sixty days or both. Such denial shall not be considered to be a suspension. Should a member be accused before the Board

*Amended January 12, 1934 (effective January 16, 1934); amended December 9, 1935 (effective January 14, 1936).

of having committed such an offense, the Board may proceed summarily, and the method of procedure required by Rule 155 or Rule 156 shall not apply. The accused shall be summoned before the Board, informed of the nature of the accusation against him, and afforded an opportunity for explanation by personal or other testimony. If the Board shall determine by a majority vote of its members present that the accused is guilty, it may, by a similar vote, impose the penalty for the offense.

159. SUSPENDED OR EXPELLED MEMBER DEPRIVED OF PRIVILEGES.—When a member is suspended by the Board, such member shall be deprived during the term of his suspension of all rights and privileges of membership (except those pertaining to the Gratuity Fund), but he may be proceeded against by the Board for an offense other than that for which he was suspended.

The expulsion of a member terminates all rights and privileges arising out of his membership, except such rights in respect to the proceeds of the transfer thereof as he may have under the provisions of Chapter 4 hereof.

160. PROFESSIONAL COUNSEL EXCLUDED.—No member of the Association shall have a right to be represented by professional counsel in any investigation or hearing before the Board or any Standing or Special Committee.

161. INCRIMINATING EVIDENCE.—Upon any investigation or trial before the Board, or before any committee, or before any other tribunal of the Association, no member shall be required to answer, or be subject to any penalty for failing to answer any question, when such member shall make oath that the answer, if given, would convict or tend to convict such member of the violation of any law of the United States or any state.

CHAPTER 6.

Arbitration and Appeal.

180. Committees.—The Committee of Arbitration and the Committee of Appeals shall each consist of ten members. Their term of office shall be for two years.

181. Qualifications.—No person shall be a member of either Committee who shall not have been a member of the Association for at least one year next preceding his election. No person shall be a member of both Committees at the same time. No person shall be a member of either Committee who, at the same time, is a member of the Board.

182. Quorum and Vote.—Five members of either Committee shall constitute a quorum. A majority of the sitting members of either Committee shall control.

183. What Disputes May Be Arbitrated.—The policy of the Association is to encourage, but not to compel, the arbitration of disputes. Persons (members or non-members) desiring to arbitrate any dispute shall notify the Secretary, who shall thereupon submit to the parties for their signatures, a form of agreement, submitting the dispute to arbitration. After the parties have signed such agreement, the Secretary shall refer the dispute to the Committee on Arbitration.

184. Time of Trial.—Any case submitted for arbitration shall be tried before the Committee of Arbitration within ten days from the date of submission, unless good cause for a continuance can be shown to the Committee.

185. Oath of Arbitrators.—Before taking office, the members of both Committees shall be sworn faithfully and fairly

to hear, examine, and determine all controversies according to the principles of equity and justice and to make just and true awards according to the best of their understanding. Such oath may be administered by any person authorized to administer oaths.

186. CONDUCT OF TRIAL.—The Committee of Arbitration shall hear all evidence submitted by the parties relative to such controversy, which evidence shall be taken under oath or affirmation and shall be duly recorded. The member resisting the claim may make any defenses before the Committee which would be available to him in a court of law or equity.

187. AWARD OF COMMITTEE OF ARBITRATION.—After such hearing, the Committee of Arbitration shall file its award in writing with the Secretary, who shall deliver copies thereof to all interested parties. Such award shall be rendered according to the facts disclosed by the evidence and according to the Rules and Regulations of the Association and the laws of the land.

188. APPEAL.—Any interested party dissatisfied with the award of the Committee of Arbitration may appeal therefrom to the Committee of Appeals. The appeal may be perfected by filing a written notice with the Secretary within five days after such party shall have received from the Secretary a copy of the award.

189. PROCEDURE ON APPEAL.—The Committee of Appeals, after taking oath, shall review the case upon the record of the testimony given before the Committee of Arbitration. No additional testimony shall be given before the Committee of Appeals; provided, however, that if it shall be made to appear by affidavits that the appealing party has additional evidence which, in the exercise of due diligence, he was unable to present to the Committee of Arbitration, the Committee of Appeals may direct a new hearing before the Com-

mittee of Arbitration to enable such additional evidence to be presented.

190. AWARD OF COMMITTEE OF APPEALS.—The award of the Committee of Appeals may affirm, reverse, or modify the award of the Committee of Arbitration. The award of the Committee of Appeals shall be made and filed in like manner as that of the Committee of Arbitration, and copies thereof shall be delivered by the Secretary to all interested parties.

191. AWARDS, HOW SIGNED AND RECORDED.—All awards shall be signed by the Chairman of the Committee making the same and shall be recorded by the Secretary in a book kept for that purpose, which book may be inspected at any time by any member of the Association.

192. EFFECT OF AWARD.—The award of the Committee of Appeals, or, if no appeal is taken, the award of the Committee of Arbitration, shall be final and conclusive upon all interested parties.

193. ENFORCEMENT OF AWARD.—If either party fails to comply with the award, the other party, within one year thereafter, may file such award, together with the instrument of submission, in the Circuit Court of Cook County, Illinois, to be enforced therein according to the Illinois Statutes governing arbitrations and awards.

194. JURISDICTION OF COMMITTEES NOT OPEN TO QUESTION.—Any member who submits a controversy to either of such Committees, or who appears and prosecutes or defends a case before either of such Committees, or who takes any steps therein, shall be conclusively presumed to have voluntarily recognized the jurisdiction of such Committee to hear and determine such controversy, and shall not thereafter allege the contrary.

195. SPECIAL COMMITTEE OF ARBITRATION.—If the parties to a controversy desire, they may agree upon a Special Committee of Arbitration, in which event such Special Committee

shall proceed in like manner and with the same powers as the regular Committee. The parties may also stipulate, if they desire, that no appeal shall lie from such Special Committee to the Committee of Appeals. If no such stipulation is entered into, an appeal may be taken as in ordinary cases.

196. FEES FOR ARBITRATION.—Fees for arbitration shall be as follows: Where the amount in controversy is less than $500, the fees shall be $20. Where the amount in controversy is from $500 to $1,000, the fees shall be $30. Where the amount in controversy is from $1,000 to $1,500, the fees shall be $40. Where the amount in controversy is in excess of $1,500, the fees shall be $50. All such fees shall be divided equally among the sitting members of the Committee of Arbitration. Similar fees shall be paid on appeal to the Committee of Appeals, to be divided in the same manner. The fees payable to the Committee of Arbitration shall be paid to the Secretary in advance by the party bringing the case. The fees payable on appeal shall be paid to the Secretary in advance by the party taking the appeal. All such fees, however, shall ultimately be paid as directed by the final award.

CHAPTER 7.

AGENCY AND MARGIN ACCOUNTS.

‡200. FLOOR BROKERS.—A member, who executes orders for another member and who is not a member of the Clearing House, must immediately give up the name of a clearing member. A floor broker trading for a member shall be liable as principal for the performance of the contract except that in the case of commodities his liability shall terminate when the transaction is accepted by the principal.

201. MINIMUM RATES.—Members acting as brokers or commission merchants must charge at least the minimum rates of brokerage or commission prescribed by the Rules. A member receiving a salary must be paid brokerage in addition to his salary.

*202. EXECUTION OF ORDERS.—A member receiving orders is prohibited from buying or selling securities covered by such orders on or for his own account, except, that a member may, after openly offering or bidding for securities, as provided hereafter, buy or sell such securities for his own account by sending for the principal or his agent and making the transaction with him, in which case no brokerage may be charged. When a member has an order to buy and an order to sell the same security he must offer such security at the unit of price higher than his bid before making a transaction with himself, if not already bid or offered, in which case he shall add to his name on his report, the words "on order."

†202.—A. ORDERS MUST BE EXECUTED IN THE PUBLIC MARKET.—All orders received by any member of this Association, firm or corporation, doing business on Change, to buy or sell for future delivery any of the commodities dealt in upon the Floor of the Exchange (except when in exchange

*Amended May 10, 1934.
†Adopted May 10, 1934; see Regulation 1866.
‡See "Rulings."

for cash property) must be executed in the open market in the Exchange Hall during the hours of regular trading and under no circumstances shall any member, firm or corporation assume to have executed any of such orders or any portion thereof by acting as agent for both buyer and seller either directly or indirectly, in their own name or that of an employee, broker or other member of the Association; provided, that on transactions where brokers as agents for other members meet in the execution of orders in the open market and without prearrangement unintentionally consummate a contract for the one and same clearing member principal, such transactions shall not be considered in violation of this Rule.

203. CORPORATIONS AS CUSTOMERS.—A member receiving orders from a non-member corporation must be furnished with a certified copy of a resolution of the Board of Directors of such corporation authorizing the person giving the order as the designated representative of such corporation to place such orders for its account, and naming some other representative of such corporation to receive confirmations of all trades made for its account. Confirmations of all such trades shall be made in accordance with such resolution. In opening new accounts, a reasonable time shall be allowed to secure a copy of the authorizing resolution. If a corporation files with the Secretary a general authorization as above provided, such authorization shall be deemed to have been filed with all members. The provisions of this Rule shall not apply to corporations organized outside of the United States.

*204. TRADES OF NON-CLEARING MEMBERS.—A non-clearing member must clear his trades through a clearing member who, in such case, acts as commission merchant.

A clearing member may authorize a non-clearing member to make trades on Change for the account of the clearing

*Amended June 29, 1933.

member. Such authorization shall be written and filed with the Secretary. Thereafter, the clearing member shall be liable upon all trades made by the non-clearing member until such authorization has been revoked in writing and such revocation shall have been posted by the Secretary upon the bulletin board of the Exchange.

205. TRADING FOR EMPLOYEES.—No member shall accept orders or clear trades for a non-member who is employed by another member nor shall another member accept orders or clear trades for a member who is employed by another member when the name of the employer appears in the transaction.

206. EMPLOYEES OF MEMBERS, BANKS, OR TRUST COMPANIES.—No member shall accept marginal accounts of a non-member employee of the Association or of the Clearing House or of another member or for any officer or employee of a bank or trust company other than President or a Vice-President, unless the written consent of the employer be first obtained.

*207. CONFIRMATION TO CUSTOMERS.—A commission merchant who makes a trade for a member or non-member customer shall confirm the trade to the customer upon the same day. Such confirmation shall be in writing and shall show the commodity or security bought or sold, the amount, the price, and the name of the other party to the contract, and, in the case of a commodity, the delivery month. A non-resident member may give to his customer the name of his resident commission merchant in lieu of the name of the other party to the contract, subject to the right of the customer to receive the name of the other party to the contract upon request.

Where a trade is made by a branch office of a resident member, such branch office being outside of Illinois, the branch office may confirm the trade to the customer without giving the name of the other party to the contract, provided

*See Regulation 1845.

the confirmation has prominently printed or stamped thereon the words, "Name of other party to contract furnished on request."

208. SOLICITORS, CASH GRAIN BROKERS, AND CUSTOMERS' MEN.—The Board by Regulation may establish the conditions applicable to the employment of solicitors, cash grain brokers, and customers' men.

209. DEPOSITS BY CUSTOMERS.—A member acting as commission merchant for a customer (member or non-member) may require from such customer a deposit, as indemnity against liability, and subsequent deposits to the extent of any adverse fluctuations in the market price. Such deposits must be made with the commission merchant within a reasonable time after demand, and, in the absence of unusual circumstances, one hour shall be deemed a reasonable time. The failure of the customer to make such deposit within such time, shall entitle, but shall not obligate, the commission merchant to close out the trades of the defaulting customer. If the commission merchant is unable to effect personal contact with the customer, a written demand left at the office of the customer, during business hours, shall be deemed sufficient.

*210. MARGINS.—No member may accept or carry an account for a customer, whether a member or non-member, without proper and adequate margin. The Board, by regulation, shall fix minimum margin requirements.

The provisions of the foregoing paragraph do not apply to a non-clearing member who makes his own trades or who on the floor gives his orders to a broker and pays the brokerage and such trades are exclusively for the personal account of the non-clearing member, provided, however, that

†A non-clearing member who is indebted to one or more clearing members, and such indebtedness arises out of transactions executed after March 1, 1943 shall not execute or cause

*Amended October 14, 1935; September 26, 1938; February 24, 1941; December 29, 1942 (effective March 1, 1943). See Regulation 1822 and 1822-A.

†See Regulation 1787.

to have executed any trade for his personal account unless permission is given in writing by a clearing member or members, provided that such written permission to trade with limitations is approved by the Business Conduct Committee. The non-clearing member in such case must trade for his own account only through the clearing member, or members, issuing permission to trade, provided, however, that the non-clearing member may liquidate open positions existing prior to the enactment of this rule through the clearing member or members, carrying such accounts.

*211. CUSTOMERS' SECURITIES.—The improper use of a customer's securities is inconsistent with just and equitable principles of trade.

*212. AGREEMENT FOR USE OF SECURITIES.—An agreement between a member and a customer, authorizing the member to pledge securities, either alone or with other securities carried for the account of the customer, either for the amount due thereon or for a greater amount, or to lend such securities, does not justify the member in pledging or loaning more of such securities than is fair and reasonable in view of the indebtedness of said customer to said member.

No form of general agreement between a member and a customer shall warrant the member in using securities carried for the customer for delivery on sales made by the member for his own account, or for any account in which the firm or corporation of said member or of any general or special partner therein is directly or indirectly interested.

216. PARTIAL PAYMENT.—An arrangement by a member for the purchase of securities for account of a customer, to be paid for by the customer on installments or by a series of partial payments, under which the charge for purchasing and carrying any such securities is unreasonable, is an act detrimental to the interest or welfare of the Association.

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*See Regulation 1825.

CHAPTER 8.

Brokerage and Commissions.

220. Minimum Rates.—The rates of brokerage and commission fixed by this Chapter are just and reasonable and are established as the minimum rates chargeable for the services specified.

*221. Members' Rates.—Where a member acts as commission merchant for another member, the minimum rates of commission shall be as follows:

(a) With respect to any of the transactions mentioned in Rule 231, except those for which members' rates are specified, one-half of the non-members' commission.

(b) With respect to the transactions mentioned in Rule 232, three-fourths of the non-members' commission, except as to provisions where the rate shall be one-half of the non-members' commission.

(c) With respect to any of the transactions mentioned in Rule 236, one-half of the non-members' commission.

The brokerage in such cases, if any, shall be paid by the member acting as commission merchant.

(d) With respect to any of the transactions mentioned in Rule 236, one-quarter of the non-members' commission, when the member makes his own trades or on the floor gives his orders to a broker and pays the brokerage and such trades are exclusively for the personal account of the member and are not closed the same day.

†(e) When a member acts as commission merchant for a non-clearing member, and the non-clearing member makes his own trades or on the floor gives his orders to a broker and pays the brokerage, and such trades are exclusively for the personal account of the non-clearing member and are closed within thirty days, the minimum commission rate shall be 25 cents per 1,000 bushels of

*Amended May 1, 1931; amended February 26, 1936; September 21, 1939. See "Rulings" and Regulation 1869.

†Amended December 14, 1938. See Regulation 1833 and "Rulings."

grain; 5 cents per 1,000 pounds of dry salted meats, or lard or cottonseed oil and 75 cents per 50 bales of cotton; provided, however, that if the clearing member in addition renders financing and accounting facilities for commodities received and/or tendered on contracts by delivery, these commissions shall not apply, but in such cases the rates shall be those stated in Section (f).

(f) When the transactions mentioned in Section (e) of this Rule are not closed within thirty days, the minimum commission rate shall be one-half the non-members' commission, and brokerage in such cases, if any, shall be paid by the member acting as commission merchant.

Members engaged in business in Chicago who sell cash grain for non-resident members are not brokers, but commission merchants, and must charge members' rates of commission.

*222. NON-MEMBERS' ACCOUNTS.—A non-clearing member may turn over to a clearing member security and future delivery orders of a non-member (free from expense to the clearing member) and receive half of the commissions paid by the non-member for the execution of such orders. The brokerage shall be paid by the clearing member. When instructed, the clearing member may render accounts directly to the non-member and, in this case, one-half the regular brokerage charges shall be paid by the non-clearing member. A non-clearing member may not share in the commissions paid by a non-member firm or corporation in which he has an interest, if such firm or corporation carries margin accounts for customers.

Where delivery is taken on future delivery purchases and the grain loaded and shipped, the member turning over the order shall receive the same compensation as on a completed contract for future delivery.

†223. WIRE CHARGES ON GIVE-UPS.—Where a member gives an order to a second member to be transmitted to a third member, the member placing such order, if the order is executed, shall pay to the second or transmitting member a mini-

*See Regulation 1819 and "Rulings." Amended November 22, 1937.
†Amended May 27, 1932; December 9, 1936; December 14, 1938; and February 24, 1941. See "Rulings" and Regulation 1867.

mum service fee of 25 cents per 1,000 bushels of grain; $2 per lots of 50,000 pounds of lard; $1.20 per lots of 30,000 pounds of ribs or clear bellies; 62½ cents per 50 bales of cotton; and $2.40 per tank car of cottonseed oil; provided that if such order is received by the transmitting member free from expense and is transmitted over a wire furnished by the third member the above charges may be waived by the transmitting member if he so elects. Wire service charges on securities shall be as mutually agreed upon.

Where a non-member gives an order to a member to be transmitted to another member the clearing member, if the order is executed, shall pay to the transmitting member a minimum service fee of 50 cents per 1,000 bushels of grain; $4 per lots of 50,000 pounds of lard; $2.40 per lots of 30,000 pounds of ribs or clear bellies; 62½ cents per 50 bales of cotton and $4.80 per tank car of cottonseed oil, but wire service charges may be absorbed in the commission paid by the non-member.

*224. Clearing Rates for Securities.—Where a clearing member acts as commission merchant for a non-clearing member, and the non-clearing member makes his own trades or on the floor gives his orders to a broker and pays the brokerage and such trades are exclusively for the personal account of the non-clearing member, and are closed the same day, the minimum clearing rates shall be 2½ cents per share of stock; and 50 cents per $1,000 bond, for the round turn.

†225. Brokerage.—A member who acts as floor broker for another member must collect and retain the entire brokerage and may not divide the same with any other person, provided, however, that when his membership is registered for the use of a corporation or partnership all brokerage earned by him must be paid into the corporation or partnership for which he is registered.

226. Corporations and Partnerships.—A corporation or partnership may be entitled to members' rates by virtue of a membership owned by one of its officers or general part-

*Amended May 1, 1931; amended February 26, 1936.
†See "Rulings."

ners except where limited by Regulations 1061 or 1079. A member who desires to designate a corporation or partnership for that purpose shall make application to the Board giving therein such information as may be requested. If the application is granted, such corporation or partnership, as well as such member, shall be entitled to members' rates. Such designation may be terminated at any time by the member, or by the Board. A corporation or partnership entitled to members' rates shall be subject to all requirements and prohibitions contained in the Rules or Regulations applicable to members, and in such cases the member shall be subject to discipline and the membership subject to sale by the Board for the acts or delinquencies of the corporation or partnership.

227. BUSINESS AT NOMINAL OR NO COMMISSION. —No member shall, without commission or for a nominal commission, transact or offer to transact for any customer, who is dealing in securities dealt in on the Exchange, any business in cotton, grain, produce or other commodities.

228. RECIPROCAL BUSINESS.—No member shall agree to give reciprocal business in cotton, grain, produce, or other commodities, dependent upon the amount of business received by him in securities dealt in on the Exchange.

†228-A. TELEGRAPHIC COMMUNICATION. — Free telegraphic and telephonic communication is permitted.

COMMODITIES.

*229. BROKERAGE BY GRADE.—The rates of brokerage for the purchase or sale of commodities by grade are as follows:

(a) For the purchase, or for the sale, by grade alone, of wheat, corn, soy beans, or oats, to be delivered in store in regular houses, either for immediate or for future delivery, fifteen cents per 1,000 bushels in lots of 5,000 bushels or multiples thereof, and twenty-five cents per 1,000 bushels for delivery in lots of less than 5,000 bushels.

(b) For the purchase, or for the sale, by grade alone, of rye, barley, or flaxseed, to be delivered in store in

*Amended October 2, 1936. See "Rulings."
†See "Rulings."

regular houses, either for immediate or for future delivery, twenty-five cents per 1,000 bushels.

(c) For the purchase, or for the sale, of all kinds of grain in store in Chicago, when special location or character of property is stipulated, fifty cents per 1,000 bushels.

(d) For the purchase, or for the sale, of contract D. S. short ribs, D. S. extra short clears, D. S. clear bellies. or lard, for future delivery, two and one-half cents per 1,000 pounds; on transactions made in the open market for immediate delivery, one-eighth of one per cent.

(e) For the purchase or for the sale of cotton for future delivery, seventy-five cents for each 50 bales.

**(f) For the purchase or for the sale of contract cottonseed oil for future delivery $1.25 per tank car.

*(g) For the purchase, or for the sale, by grade alone either for immediate or for future delivery, or to arrive, or in carload lots, in any position:

On wheat or barley	per car	$2.00
On corn, rye, oats or soy beans	" "	1.50
On hay or straw	" "	3.00
On ear corn	" "	2.00
On screenings, bran, middlings, and all kinds of ground feed	" "	2.00
On flaxseed	" "	2.50
On clover, timothy, millet, Hungarian, mustard, or buckwheat seeds	" "	3.00
On cottonseed oil	" "	1.25
On seeds in less than carload lots (provided total charge is not more than $3.00)	" bag	.03

†230. Brokerage by Sample.—The rates of brokerage for the purchase or sale of commodities by sample and C. I. F. are as follows:

††(a) For the purchase, or for the sale, by sample or by grade and sample combined, for immediate or for future delivery, or to arrive, or in carload lots, in any position:

On wheat or barley	per car	$2.00
On corn, rye, oats or soy beans	" "	1.50
On ear corn	" "	2.00
On hay or straw	per car	$3.00

*Amended July 20, 1936 and December 14, 1938.
†Amended March 14, 1935. See "Rulings."
††Amended July 20, 1936.
**Adopted December 14, 1938.

On screenings, bran, middlings, and all kinds of ground feed	per car	$2.00
On flaxseed	" "	2.50
On clover, millet, Hungarian, timothy, mustard, or buckwheat seeds	" "	3.00
On seeds in less than carload lots (provided total charge is not more than $3.00)	" bag	.03

(b) For the purchase, or for the sale, of all kinds of grain C. I. F. for shipment by water or rail, to or from Chicago or other points, one-eighth of one cent per bushel in lots of 5,000 bushels or more, and one-quarter of one cent per bushel in lots of less than 5,000 bushels.

*231. COMMISSIONS—FUTURES TRADING.—The rates of commission chargeable to non-members for the purchase or sale of commodities for future delivery and for the purchase or sale of warehouse receipts covering grain in store in Chicago are as follows:

(a) For the purchase, or for the sale, or for the purchase and sale, by grade alone, of grain to be delivered in store in satisfaction of contracts for future delivery,

	Non-members	Members	
in lots of 5,000 bushels and multiples thereof..	$15.00	$7.50	per 5,000 bu.
in lots of 1,000 bushels and multiples thereof			
(1) within the City of Chicago	3.00	1.75	per 1,000 bu.
(2) when orders are received from, or confirmations of either purchase or sale are sent to points outside the city of Chicago..	4.00	2.25	per 1,000 bu.
†(a-1) For the purchase or sale of warehouse receipts covering grain in store in Chicago ..... (Minimum charge, $1.00)	⅜c	¼c	per bushel

(b) Foreign rates (exclusive of Canada) for the above transactions shall be three-eighths of a cent per bushel to non-members and one-quarter of a cent per bushel to members.

*Amended October 2, 1936; September 21, 1939; Oct. 6, 1941. See Regulations 1809, 1809-A, 1809-B, 1868 and 1869 and "Rulings."
†See "Rulings"

(c) For the purchase, or for the sale, or for the purchase and sale, of lard, forty cents per 1,000 pounds.

(d) For the purchase, or for the sale, or for the purchase and sale, of D. S. short ribs, D. S. extra short clears, or D. S. clear bellies, forty cents per 1,000 pounds.

(d-1) Foreign rates (exclusive of Canada) on transactions enumerated in Sections (c) and (d) shall be fifty cents per 1,000 pounds to non-members and twenty-five cents per 1,000 pounds to members.

(e) For the purchase, or for the sale, of cotton for future delivery, $6.25 for each 50 bales, when the price of such transaction does not exceed 25 cents per pound, and when the price of such transaction exceeds 25 cents per pound, an additional $1.25 for each five cents or portion of five cents of such excess in price. For any person residing outside the United States or Canada, whether or not a member of the Association, there shall be an additional charge of $2.50 per hundred bales or fractional part thereof. When the cost of reporting executions is in excess of the $2.50 additional commission required on foreign business, such extra cost shall be charged in addition to the prescribed commission.

‡(f) For the purchase or for the sale or for the purchase and sale of cottonseed oil for future delivery, $25.00 per contract of 60,000 pounds.

*232. Commissions—Commodities.—The rates of commission chargeable to non-members for the purchase or sale of cash commodities are as follows:

†(a) For receiving and selling, or for buying either to be loaded or to be unloaded or to be forwarded, by grade or sample, or both, either for immediate or for future delivery, or to arrive, or in carload lots in any position:

Wheat, rye, barley, corn, oats, ear corn, kaffir corn, milo maize, feterita, spelt and soy beans ..... 1 per cent**

Excepting that when one per cent amounts to less than 1½c per bushel on kaffir corn, milo maize, feterita, spelt and ear corn, 1c per bushel on wheat, shelled corn, rye, barley and soy beans, and ¾c per bushel on oats, then 1½c

*Amended March 14, 1935. See "Rulings" and Regulations 1868 and 1869.

†Amended July 20, 1936 and August 24, 1938.

‡Adopted December 14, 1938.

**See Rules 232-B, C and D.

per bushel shall be the minimum on ear corn, kaffir corn, milo maize, feterita and spelt, 1c per bushel on wheat, shelled corn, rye, barley and soy beans, and ¾c per bushel on oats.

On bran, middlings, screenings, ground feed and all millstuffs (of 20 tons or less)	$ 7.50	per car
On bran, middlings, screenings, ground feed and all millstuffs (of more than 20 tons)	.37½	per ton
On hay (of 10 tons or less)	10.00	per car
On hay (of more than 10 tons)	1.00	per ton
On straw (of 10 tons or less)	7.50	per car
On straw (of more than 10 tons)	.75	per ton
On broom corn	¼c	per pound
On flaxseed or cloverseed	1	per cent
On flaxseed or cloverseed, in less than carload lots	1½	per cent
On timothy, Hungarian, millet, mustard, or buckwheat, carloads or less	1½	per cent

†Except that purchases for shipment from Chicago of the commodities enumerated in this clause shall not be subject to the percentage charge and may be made for account of a member or a non-member at a minimum charge, for wheat, barley, ear corn, kaffir corn, milo maize, feterita, and spelt of 1c per bushel

On corn, rye or soy beans	¾c	per bushel
On oats	½c	per bushel

(b) For the purchase or for the sale of all kinds of grain contained in canal boats, by grade, by sample, or by grade and sample combined, ½ cent per bushel.

*(c) For the purchase and sale by grade or by sample or grade and sample combined, of the following property to arrive:

Wheat, rye, barley, corn, oats, ear corn, kaffir corn, milo maize, feterita, spelt and soy beans 1 per cent

Excepting that when 1 per cent amounts to less than 1½c per bushel on kaffir corn, milo maize, spelt and ear corn, 1c per bushel on wheat, shelled corn, rye,

*Amended July 20, 1936 and August 24, 1938.
†See Regulation 1836.

barley and soy beans, and ¾c per bushel on oats, then 1½c per bushel shall be the minimum charge on ear corn, kaffir corn, milo maize, feterita and spelt, 1c per bushel on wheat, shelled corn, rye, barley and soy beans and ¾c per bushel on oats.

On carload lots of flaxseed or cloverseed 1 per cent

On buckwheat, timothy, millet, Hungarian or mustard seeds, either carloads or less 1½ per cent

(d) CASH PROVISIONS.—For receiving and selling, or for buying and shipping pork, lard, green, cured, or partly cured meats ½ of 1 per cent

**(e) Cash Cottonseed Oil.—For receiving and selling, or for buying and shipping, loose cottonseed oil in tank cars, $20.00 per tank car.

‡232-B. SPECIAL EMERGENCY COMMISSION ON CORN.—The rate of commission chargeable to non-members for receiving and selling or for buying and shipping corn shall be 1¢ per bushel during the existence of the Office of Price Administration's Maximum Price Regulation (Corn).

††232-C. SPECIAL EMERGENCY COMMISSION ON SOYBEANS.—The rate of commission chargeable to non-members for receiving and selling or for buying and shipping soybeans shall be 1¢ per bushel.

†††232-D. SPECIAL EMERGENCY COMMISSION ON WHEAT.—The rate of commission chargeable to non-members for receiving and selling or for buying and shipping wheat shall be 1½¢ per bushel during the existence of the Office of Price Administration's Revised Maximum Price Regulation 487 (Wheat).

†233. GRAIN IN VESSELS.—The rates of commission chargeable to members or non-members for receiving and selling, or for buying and shipping commodities in vessel lots, are

†Amended March 14, 1935—July 20, 1936. See Regulation 1836.
**Adopted December 14, 1938.
‡Adopted April 2, 1943; rescinded March 14, 1945.
††Adopted September 3, 1943.
†††Adopted January 24, 1944.

as follows: On wheat, barley, and flaxseed, ½c per bushel; on corn, rye, oats and soybeans, ¼c per bushel.

*233-A. VESSEL BROKERAGE.—The rates of commission chargeable to members or non-members for chartering vessel space are as follows:

(a) Unload Rates

1. On grain shipped from Chicago or South Chicago, Illinois, to ports west of and including Kingston, Ontario, for shipment between the opening of navigation and November 30, inclusive, one-eighth of a cent per bushel.

2. On grain shipped from Chicago or South Chicago, Illinois, to ports beyond Kingston, Ontario, for shipment between the opening of navigation and November 30 inclusive, one-quarter of a cent per bushel.

3. On grain shipped from Chicago or South Chicago, Illinois, to any other port for December loading, one-quarter of a cent per bushel.

4. On grain loaded at Chicago or South Chicago, Illinois, in April and shipped at the opening of navigation, one-eighth of a cent per bushel if shipped to ports west of and including Kingston, Ontario, and one-quarter of a cent per bushel if shipped to ports beyond Kingston, Ontario.

(b) Storage Rates

1. On grain shipped prior to December 1st from Chicago or South Chicago, Illinois, to be stored in ports west of and including Kingston, Ontario, one-quarter of a cent per bushel.

2. On grain shipped from Chicago or South Chicago, Illinois, during the month of December to be stored in ports west of and including Kingston, Ontario, three-eighths of a cent per bushel.

3. On grain shipped from Chicago or South Chicago, Illinois, to be stored in ports beyond Kingston, Ontario, three-eighths of a cent per bushel.

4. On grain loaded on vessels for storage, to be held at Chicago or South Chicago, Illinois, one-quarter of a cent per bushel.

The above rates of commission may not be absorbed in the freight rate paid to the vessel owner, and no member shall

*Adopted October 11, 1933. See "Rulings."

load or ship grain, any part or portion of which is purchased on the Chicago Board of Trade or shipped from a public regular or custodian warehouse located in the Chicago District in vessel tonnage which is not owned by such member, unless it is chartered or loaded through a member vessel broker or agent, except when the broker or agent members are unable to produce vessel capacity on firm bids from a shipper at as low a freight rate as is offered by non-members.

Whenever a member shall load or ship grain from the Chicago District in vessel tonnage chartered through non-member vessel owners, brokers or agents, said transaction is to be reported to the Transportation Department with such particulars as may be required by said Transportation Department.

*234. ADDITIONAL CHARGES.—In addition to the rates of commission herein prescribed, there shall be charged all legitimate expenses incurred in handling and caring for the property involved, including storage, insurance, inspection, and weighing. Cost of sampling need not be included. Handling charges for cotton are as follows:

(a) For financing, handling, and preparing cotton for delivery on contracts, 75 cents per bale.

(b) For handling and preparing cotton for delivery on contract when no financing is done, 50 cents per bale.

(c) For taking up cotton on contract, financing and shipping, 75 cents per bale.

(d) For taking up cotton on contract and shipping when no financing is done, 50 cents per bale.

(e) For taking up cotton on contract and redelivering during the same month or during a later month when financing is done, 50 cents per bale.

(f) No charge shall be made for taking up cotton on contract when paid for by the principal upon delivery of press or warehouse receipts, nor for delivering cotton on contract when press or warehouse receipts are furnished by the principal and no advance is made.

(g) The minimum charges, as stated in this rule, refer to certificated cotton only, and shall be absolutely net. No part of the cost of inspecting and certificating shall be absorbed by or in such charges.

*See "Rulings."

SECURITIES.

*236. COMMISSIONS ON SECURITIES TO NON-MEMBERS.—Commissions shall be charged and collected on the execution of all orders for purchase or sale of securities admitted to dealings upon the Exchange and these commissions shall be at rates not less than the rates hereinafter prescribed, and shall be net and free from any rebate, return, discount, or allowance made in any shape or manner, or by any method or arrangement direct or indirect. No bonus or percentage or portion of a commission, whether such commission be at or above the rates herein established, or any portion of a profit except as may be specifically permitted by Regulation adopted by the Board, shall be given, paid, or allowed, directly or indirectly, or as a salary or portion of a salary, to a clerk or person for business sought or procured for any member of the Association or firm, or corporation, registered thereon.

Commissions shall be as follows:

(a) On business for parties not members of the Association, including joint account transactions in which a non-member is interested, and on transactions for partners not members of the Association;

ON STOCKS—(Except as to Inactive Stocks, as stated below):

PRICE	RATE PER SHARE
Selling under 50 cents	As mutually agreed
Selling at 50 cents and above, but under $1	Not less than 3 cents
Selling at $1 and above, but under $10 (Except on stocks designated by the Committee on Stock List)	Not less than 7½ cents
Selling at $10 and above, but under $25	Not less than 12½ cents
Selling at $25 and above, but under $50	Not less than 15 cents

*Amended October 17, 1933.

Selling at $50 and above, but under $75	Not less than 17½ cents
Selling at $75 and above, but under $100	Not less than 20 cents
Selling at $100 and above, but under $200	Not less than 25 cents
Selling at $200 and above, but under $250	Not less than 30 cents
For each additional $50 in price	5 cents additional

provided, however, that on every transaction which involves an amount of $15 or more, the minimum commission shall be not less than $1.00.

On Inactive Stocks.—(As designated by the Board):

Price	Rate Per Share
Selling at less than $100	Not less than 20 cents
Selling at $100 and above	The same rates as provided for other stocks

On Bonds:

Not less than $2.00 per $1,000 par value.

On Subscription Rights:

Price	Rate Per Right
Selling under 50 cents	As mutually agreed
Selling at 50 cents and above, but under $1	Not less than 3 cents
Selling at $1 and above, but under $5	Not less than 5 cents
Selling at $5 and above, but under $10	Not less than 7½ cents
Selling at $10 and above	Not less than 15 cents

(b) On obligations of the United States, Porto Rico, Philippine Islands, and States, Territories, and Municipalities therein; Bonds or Notes having five years or less to run; Securities which, pursuant to call or other-

wise, are to be redeemed within twelve months. Such rates to members or non-members as may be mutually agreed upon; provided, however, that the Market Report Committee may determine special rates on any or all of the above mentioned securities, reporting the same to the Board.

If a member of the Association, or firm or corporation registered thereon, engages in transactions in which the member, firm, or corporation is acting as a dealer in securities of original issue, the rate of commission prescribed in this Chapter shall not apply to such transactions if not made on the Exchange; provided, however, that such transactions shall be subject to such regulations as the Market Report Committee may from time to time prescribe.

237. COMMISSIONS ON ORDERS FROM NON-MEMBERS. — In transactions where orders are received from a non-member, and the broker filling the order is directed to give up another broker or clearing firm, the responsibility for collecting the full commission specified in this Chapter shall rest with the broker or clearing firm settling the transaction.

238. COMMISSIONS ON MEMBERS' ORDERS.—In transactions where orders are received from a member, and a clearing firm is given up by said member or by his order, the responsibility of collecting the full commission specified in this Chapter shall rest with said clearing firm; and it shall be the duty of the broker who executes such orders to report the transactions to the clearing firm and render his bill to them therefor at the rates specified.

239. TRANSACTIONS OUTSIDE OF UNITED STATES.—When a non-member shall cause to be executed in a market not in the United States or Canada an order for the purchase or sale of securities listed on this Exchange, and said purchase or sale shall be accepted by a member of this Exchange, firm, or corporation registered thereon, for the account of said non-

member, the commission specified in this Chapter shall be charged the non-member in addition to any commission charged by the party or parties making the transaction.

240. DELIVERIES ON PRIVILEGES.—When securities are received or delivered for a non-member on a privilege, the commission specified in this Chapter must be charged.

*241. BROKERAGE ON SECURITIES.—

(a) For the purchase or for the sale of stock, warrants or subscription rights, two cents per share, except on stocks, warrants or subscription rights selling under $1.00, when the brokerage shall be ¾ of a cent per share.

(b) For the purchase or for the sale of bonds, forty cents per $1,000 of principal amount.

*Amended November 22, 1937.

CHAPTER 9.

EMERGENCIES, HOURS FOR TRADING, AND CONTRACTS.

251. EMERGENCIES.—The Board shall have power to declare any day to be a holiday or to close the Exchange or to stop trading in any security or in any of the future contracts of any commodity, by reason of any emergency or otherwise, and to make such Regulations in regard to deliveries and settlement prices as it may deem proper because thereof. All Exchange contracts shall be subject to the exercise of such power. Such contracts shall also be subject to the exercise by the Clearing House of the powers reserved to the Clearing House by its Charter, By-Laws, and Resolutions.

***252. HOURS FOR TRADING.—Hours of trading for future delivery in commodities other than cotton and cottonseed oil shall be from 9:30 A. M. to 1:15 P. M., except on Saturdays when the hours shall be from 9:30 A. M. to 12 noon.**

Hours for trading for future delivery in cotton and cottonseed oil and for trading in securities shall be fixed by regulation adopted by the Board.

No such trading shall take place except in the Exchange Hall during regular hours.

The Association shall conform to Chicago time.

†253. PRICE BASIS.—Future delivery contracts on grain shall be in multiples of one-eight of a cent per bushel. Bids or offers shall not be made at a less variation than ¼ of one dollar in stocks, and ¼ of 1 per cent of the par value of bonds; provided, however, that the Floor Committee may from time to time, in its discretion, determine that transactions may be made at variations less than the above, fixed by said Com-

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***Amended August 13, 1936, November 24, 1936 and December 14, 1938. See "Rulings."**

†Amended June 29, 1933 and March 14, 1945.

mittee, on transactions in Foreign and Domestic Government bonds and notes, State, County, and Municipal securities, short time bonds and notes of corporations, or on rights and stocks selling at a price of one-eighth or less, which said variations shall thereafter be in effect and be reported to the Board.

254. BIDS AND OFFERS IN COMMODITIES SUBJECT TO FIRST ACCEPTANCE.—Any offer made on Change to buy or sell any commodity for future delivery is subject to immediate acceptance by any other member. All such offers shall be general offers and shall not be specified for acceptance by particular members.

255. BIDS AND OFFERS IN COMMODITIES SUBJECT TO PARTIAL ACCEPTANCE.—If an offer is made on Change to buy or sell any specified quantity of any commodity for future delivery, such offer shall be deemed an offer to buy or sell all or any part of such specified quantity, and, if not immediately accepted for the entire quantity, it may be accepted for a quantity less than specified. Offers to buy or sell a specified quantity or none shall not be allowed.

256. SUNDAYS OR HOLIDAYS.—When a contract in commodities matures on Sunday, or on a holiday, performance thereof shall be made on the preceding business day.

257. WHAT SECURITIES MAY BE DEALT IN.—Only such securities and securities on a "when issued" basis as shall be admitted to dealing by the Board on the recommendation of the Committee on Stock List shall be dealt in on the Exchange. The Board may suspend dealing therein or remove same from the List.

*258. TIME AND PLACE FOR TRADING.—Dealings upon the Exchange shall be limited to the hours during which the Exchange is open for the transaction of business, and no mem-

*See Regulation 1866.

ber shall make any transaction in securities with another member except at the post designated for the particular security in which the transaction is made and no member shall make any transaction for future delivery of a commodity except in the pit assigned to trading in such commodity, except as provided in Regulation 1809. No member shall make, in the rooms of the Association, a transaction with a nonmember, in any commodity or in any security admitted to dealing on the Exchange; but this Regulation shall not apply to transactions with an employee of the Association or of the Clearing House engaged in carrying out arrangements approved by the Board to facilitate the borrowing and lending of money.

*259. ADMISSION TO THE FLOOR.—No one but a member shall make any transaction, either directly or indirectly, or perform any work whatsoever pertaining to receiving, executing, and reporting of orders in securities or commodities traded in upon the floor of the Exchange. No one but a member shall be admitted to the floor of the Exchange, except as provided by Regulations adopted by the Board.

†259-a. TRADING DURING THE DELIVERY MONTH.—No trades in grain futures deliverable in the current month shall be made during the last three business days of that month.

[See Regulations 1832 and 1832-a.]

*Amended December 12, 1929.
†Adopted October 14, 1935. [See Regulations 1832 and 1832-a.]

*CHAPTER 9. (a)

Deposits for Security

260. Amount Callable.—On future delivery contracts, buyers may require sellers and sellers may require buyers to deposit, as security for faithful performance, such percentage of the market price of the commodities bought or sold as shall not be in excess of the standing margin requirements of the Clearing House.

261. Depositaries.—All such deposits shall be made with the Treasurer, or with a bank approved by the Board. Such bank must have at least one executive officer who is a member, and must file a bond, approved by the Board, conditioned to dispose of such deposits according to the rules.

262. Certificates.—The depositary shall issue a certificate of deposit in duplicate, giving the date and amount of the deposit and the name of the depositor and the beneficiary. It shall also state that the certificate is subject to the rules of the Association.

263. Disposition of Duplicate.—The depositor, within one hour after the call for the deposit, must deliver the duplicate certificate of deposit to the Clearing House or to the beneficiary.

264. All Contracts Secured.—Unless otherwise provided, all deposits shall constitute security for the performance of all existing or future exchange contracts between the parties.

265. Notice of Call.—Calls for deposits may be served personally upon the party called or upon his clerk or representative on Change, or by written notice left at his place of busi-

*Entire chapter adopted June 6, 1931.

ness. If he has no place of business and cannot be found, the call may be made by written notice left at the Office of the Secretary.

266. Failure to Make Deposit.—Failure to make deposits for one hour after demand shall authorize but not obligate the other party to close out the trades for which security was demanded. If such trades are closed, the delinquent shall be immediately notified, whereupon any loss upon such trades shall be immediately payable through the Clearing House.

267. Return of Deposits.—Upon performance or closing out of contracts secured by deposits, or upon the assumption of such contracts by the Clearing House, such deposits may be withdrawn upon the joint endorsement of depositor and beneficiary. If they cannot agree as to the disposition of the deposit, either party may apply to the President, who shall appoint a special committee of three members before whom the dispute shall be arbitrated. The Committee shall report their findings to the President, and thereupon the President shall endorse the original or duplicate certificate in accordance therewith. Such endorsement shall authorize the depositary to pay the deposit as directed.

268. Excessive Deposits.—If, by reason of market fluctuations, any deposit becomes excessive, the excess shall be released, either by the joint action of the interested parties, or by the President, as provided by Rule 267.

269. Deposits to Secure Clearing House.—The foregoing provisions of this chapter shall not apply as between clearing members and the Clearing House. Deposits to secure the Clearing House shall be pursuant to the by-laws of the Clearing House.

CHAPTER 10.

Deliveries of Commodities.

280. Scope of Chapter.—Commodities bought or sold for future delivery under exchange contracts shall be delivered in accordance with the provisions of this Chapter.

†281. Delivery by Warehouse Receipts.—Except as otherwise provided, deliveries shall be made by the delivery of registered warehouse receipts issued by warehouses which have been declared regular by the Board. The Board by regulation may prescribe the conditions upon which warehouses may be declared regular, and also conditions upon which warehouse receipts issued by regular warehouses shall be deliverable.

*282. Grain in Cars.—During the last three business days in the month regular deliveries of contract grades of grain on contracts for future delivery may be made in cars on track subject to the following:

(a) Cars must be within the Chicago District, in a railroad yard, where samples are taken by the Illinois State Grain Inspection Department.

(b) Cars must be consigned or ordered to a regular warehouse unless all regular storage space is filled or otherwise unobtainable.

(c) The grain must be inspected within such three-day period by the Illinois State Grain Inspection Department and approved for storage during the same period by the Grain Sampling Department of the Association.

(d) Deliveries in cars shall be made by the tender of delivery notices based on shippers' certificates of weight (if attached thereto), or railroad weights, or, in the absence of such weights, the marked capacity of the cars, and certificate showing approval by Grain Sampling Department for storage must be attached to delivery notice.

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†See Regulations 1829 and 1870.

*Amended October 6, 1930, effective October 14, 1930; amended January 7, 1931, effective August 1, 1931; amended September 26, 1934. Set aside by Board between March 31, 1942 and August 17, 1943. See "Rulings."

(e) In the event of any excess over the quantity contracted for, such excess shall be settled for at the current market value at the time such excess is made known to both parties and any deficit from such quantity contracted for shall be settled for at the Clearing House settlement price on the day of delivery.

(f) On all grain tendered under this Rule, the party making the original tender shall keep on file and deliver on request, tender's option, either the samples of the State Grain Inspection Department or the samples of the Board of Trade Sampling Department.

(g) Delivery of grain in cars shall be for quantities or parcels in the aggregate as sold, provided that on all contracts for 5,000 bushels, or 2,000 bushels, or 1,000 bushels or multiples thereof, deliveries shall be made in lots of 5,000 bushels, or 2,000 bushels, or 1,000 bushels, or multiples thereof, respectively.

(h) When consigned or ordered to a regular warehouse under paragraph (b), delivery shall not be complete unless the buyer elects otherwise until the grain is unloaded and warehouse receipts or weight certificates are issued therefor. In the meantime, title remains in the seller, the purchase price is not payable, and the seller remains liable for any change in grade. The buyer, however, if he make payment in advance, may order the cars unloaded at any other place where they will be weighed by the Weighing Department of the Association.

(i) When deliveries of grain are made under this Rule, and regular warehouse space is not available, the buyer shall have the right to order the grain to a destination other than a regular warehouse under the following conditions:

(1) The grain must be ordered to a destination in the Chicago District where it may be weighed by the Board of Trade Weighing Department.

(2) In case of failure of buyer to so order the grain, or, if the grain is ordered and not unloaded within seven business days from the date of final delivery, the buyer shall pay 80% of the value of the grain, based on shippers' weights or car capacity, subject to final adjustment after unloading, and assume responsibility for any change in grade.

284. Date of Delivery.—Unless the contract otherwise provides, where any commodity is sold for delivery in a specified month, delivery of such commodity may be made by the

seller upon such business day of the specified month as the seller may select. If not previously delivered, delivery must be made upon the last business day of the month.

†285. DELIVERY NOTICE.—Except on the final notice day of the month, a seller obligated to make delivery of commodities shall issue and deliver to the Clearing House a signed delivery notice which shall contain the name and business address of the issuer; it shall also describe the warehouse receipt to be delivered; the packer's brand in case of lard; and in the case of grain, tendered under the provisions of Rule 282, the information required in said rule. On the final notice day of the month, the delivery notice may contain only the written notice of the date of delivery and the quantity to be delivered. The delivery notice shall also state the delivery price on which delivery is to be made which shall be the price previously posted by the Clearing House for that purpose.

286. METHOD OF DELIVERY.—Delivery notices must be delivered to the Clearing House which shall pass the notices, in the order in which they are received, to the buyers obligated by the oldest contracts to take delivery of the same amounts of the same commodities. A buyer receiving such a notice from the Clearing House shall present the same at the office of the seller by whom it was issued, and delivery and payment shall follow.

‡287. TIME OF DELIVERY.—The exact hours for delivering and passing delivery notices, and for making delivery and payment, shall be fixed by the Board.

*288. PAYMENT.—Payment shall be made by certified check on a Chicago bank. The amount payable shall be determined by the delivery price named in the delivery notice. Adjustments with the Clearing House shall be made on the

†Amended October 14, 1935 and December 9, 1936.
‡See Regulation 1804.
*Amended May 19, 1930, approved by Illinois Commerce Commission June 4, 1930, effective January 2, 1931; amended January 7, 1931, effective August 1, 1931; amended August 11, 1938, approved by Illinois Commerce Commission September 29, 1938.

basis of the respective contract prices. No warehouse receipts covering grain in regular store shall be valid for delivery on future contracts unless the storage charges on such grain shall have been paid up to and including the 18th day of the preceding month, and such payment endorsed on the warehouse receipt. Furthermore, such receipt to be valid for delivery on future contracts must carry at least ten days' unpaid accumulated storage; provided, however, that the foregoing shall not apply to the delivery on future contracts of newly issued warehouse receipts which are dated later than the 18th day of the preceding month. Unpaid accumulated storage charges at the posted rate applicable to the warehouse where the grain is stored shall be allowed and credited to the buyer by the seller. Posted rates of storage may not be increased unless sixty days notice has been given to the public and in no case prior to the conclusion of the next following regular delivery mont For the purpose of this Rule the regular delivery months shall be considered to be March, May, July, September, October and December.

289. CONTRACTS NOT CLEARED.—Delivery upon a contract which has not been cleared shall be made pursuant to a delivery notice delivered by the seller directly to the buyer at the time specified for the delivery of a like notice to the Clearing House. Delivery and payment shall follow as above provided.

290. DUTIES OF MEMBERS.—Members shall not issue delivery notices unless they have in their possession or control the warehouse receipts described therein. Members issuing delivery notices describing certain warehouse receipts shall deliver such warehouse receipts pursuant to such notices as provided by the Rules and Regulations and shall make no other disposition thereof. A member who makes a false endorsement on a delivery notice or who alters the same in any manner shall be guilty of fraud.

*291. LOTS.—On future delivery contracts calling for the following amounts of the following commodities or multiples

*Amended May 27, 1932, January 30, 1941, June 25, 1942.

thereof, delivery shall be made in lots equal to the minimum quantity hereafter specified: 5,000 bushels of grain, 50,000 pounds of lard (contained in 136 tierces), and 30,000 pounds of meats. On future delivery contracts calling for odd lots of grain, delivery shall be made in lots of 1,000 bushels, with the exception of oats and barley, which shall be in 2,000 bushel lots or multiples thereof. Each lot of grain delivered must be described on the delivery notice, and may be made up of various amounts of grain of the various authorized grades situated in various warehouses, provided that no lot shall contain less than 1,000 bushels of any one grade in any one warehouse, except in the case of oats and barley where the minimum in any one warehouse shall be 2,000 bushels of any one grade. On the last business day of the month only, members having grain bought in odd lots and sold in 5,000 bushel lots may deliver odd lots on a 5,000 bushel lot contract by attaching the odd lot notices firmly together and endorsing the last notice.

†292. DIFFERENTIALS. — Unless otherwise specified, contracts for the sale of wheat, corn, soy beans, oats, rye, barley and malting barley shall be deemed to call for "contract" wheat, corn, soy beans, oats, rye, barley and malting barley respectively. Upon such contracts, sellers, at their option, may deliver all or part of the following grades at the following price differentials, provided that lots of grain of any one grade must conform to the minimum lot requirements of Rule 291:

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†Amended March 11, 1932, effective on all contracts for delivery on or after October 1, 1932, and, when designated as "new" contracts for delivery between July 1, 1932, and September 30, 1932, inclusive, to be effective on such "new" contracts immediately; amended June 20, 1934, (To be effective on contracts for future delivery of wheat, oats, rye, barley and malting barley made on and after July 2, 1934, and effective on contracts for future delivery of corn made on and after September 1, 1934); amended October 2, 1936 by adding "Soy Beans"; amended August 12, 1937, by adding No. 1 Yellow Soy Beans; amended March 7, 1941, February 20, 1942, June 25, 1942, October 5, 1943, November 18, 1943.

*WHEAT DIFFERENTIALS.

No. 1 Dark Hard Winter Wheat.....at 1¼ cents per bushel over contract price.

No. 1 Dark Northern Spring Wheat.
No. 1 Dark Northern Spring Wheat Heavy ..... } at 1 cent per bushel over contract price.

No. 2 Dark Hard Winter Wheat.....at ¼ cent per bushel over contract price.

No. 1 Hard Winter Wheat .....
No. 2 Hard Winter Wheat .....
No. 1 Yellow Hard Winter Wheat.....
No. 2 Yellow Hard Winter Wheat.....
No. 1 Red Winter Wheat.....
No. 2 Red Winter Wheat.....
No. 1 Northern Spring Wheat .....
No. 1 Northern Spring Wheat Heavy.. } at contract price.

†CORN DIFFERENTIALS.

No. 1 White Corn....
No. 2 White Corn....
No. 1 Yellow Corn....
No. 2 Yellow Corn.... } at ½ cent per bushel over contract price.

No. 1 (Mixed) Corn..
No. 2 (Mixed) Corn.. } at contract price.

No. 3 White Corn.....
No. 3 Yellow Corn.... } at 2 cents per bushel under contract price.

No. 3 (Mixed) Corn, at 2½ cents per bushel under contract price.

‡OATS DIFFERENTIALS.

No. 1 Extra Heavy Bright White Oats..
No. 1 Extra Heavy White Oats..... } at 1 cent over contract price.

No. 1 Heavy Bright White Oats.....
No. 1 Heavy White Oats ..... } at ¾ cent over contract price.

No. 1 Bright White Oats .....
No. 1 White Oats .....
No. 2 Extra Heavy Bright White Oats..
No. 2 Extra Heavy White Oats ..... } at ½ cent over contract price.

No. 2 Heavy Bright White Oats .....
No. 2 Heavy White Oats ..... } at ¼ cent over contract price.

No. 2 Bright White Oats .....
No. 2 White Oats ..... } at contract price.

*These differentials temporarily set aside by Regulation 1864-A.

No. 3 Extra Heavy Bright White Oats..
No. 3 Extra Heavy White Oats ..... } at 1 cent under contract price.

No. 3 Heavy Bright White Oats.....
No. 3 Heavy White Oats ..... } at 1¼ cents under contract price.

No. 3 Bright White Oats .....
No. 3 White Oats ..... } at 1½ cents under contract price.

Special red oats are deliverable at the premium or discount shown above for white oats of the same numerical grade.

Rye Differentials.

No. 1 Plump Rye .....At 5 Cents Over Contract Price
No. 2 Plump Rye .....At 2½ Cents Over Contract Price
No. 1 Rye .....At 1 Cent Over Contract Price
No. 2 Rye .....At Contract Price

†Barley Differentials.

(Effective October 6, 1943)

No. 1 Barley of Class I or III
No. 2 Barley of Class I or III } at contract price
No. 3 Barley of Class I or III — at 2c discount

No. 1 Malting Barley
No. 2 Malting Barley } at contract price

Provided, however, that no such barley tendered on contracts for future delivery shall have a dockage in excess of 2 per cent. Allowance shall be made by the seller to the buyer for dockage up to 2 per cent.

‡Barley Differentials.

(Effective November 19, 1943, on all contracts for delivery of barley on and after July 1, 1944.)

No. 1 Barley of Class I.....at contract price
No. 2 Barley of Class I.....at contract price
No. 3 Barley of Class I.....at 2 cents discount
No. 1 Malting Barley.....at contract price
No. 2 Malting Barley.....at contract price

provided, however, that no such barley tendered on contracts for future delivery shall have a dockage in excess of 2%. Allowance shall be made by the seller to the buyer for dockage up to 2%.

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†Amended October 5, 1943.
‡Amended November 18, 1943.

SOYBEAN DIFFERENTIALS

U. S. No. 1 Yellow Soybeans.....
U. S. No. 2 Yellow Soybeans..... } at contract price.
U. S. No. 3 Yellow Soybeans at 4 cents per bushel under contract price.

*293. VARIATION ALLOWED.—Deliveries of grain in store may vary not more than 1 per cent from the quantity contracted for, provided however, that no lot in any one warehouse shall contain less than 1,000 bushels of any one grade, except in the case of oats and barley where the minimum shall be 2,000 bushels.

294. INSURANCE.—Grain tendered for delivery must be insured against loss by fire by the Underwriters Grain Association of Chicago for at least 85 per cent of its value, to cover the buyer until noon of the business day following delivery. If the buyer is unable within that time to effect other insurance in that amount, the seller, upon request of the buyer, shall cancel any excessive insurance held by him, so as to enable the buyer to obtain insurance. The Secretary may require members at any time to furnish a list of their holdings and policies.

‡295. GRADES.—A contract for the sale of grain by grade shall be performed on the basis of the grades officially promulgated by the Secretary of Agriculture as conforming to United States Standards at the time of the making of the contract. If no such United States grades shall have been officially promulgated, then such contract shall be performed on the basis of the grades established by the rules of the Division of Grain Inspection of the Department of Agriculture of the State of Illinois, in force at the time of the making of the contract.

296. FAILURE TO ACCEPT DELIVERY.—Where a buyer who receives a delivery notice fails to present the same and to

*Amended December 9, 1936; June 25, 1942.
‡Amended December 9, 1936.

take delivery and make payment when payment is due, the issuer of the notice shall promptly sell the commodity on the open market for the account of the delinquent. He shall then immediately notify the Clearing House of the default, the contract price, and the resale price, and the Clearing House shall immediately serve a like notice upon the delinquent. Thereupon the delinquent shall be obligated to pay to the seller, through the Clearing House, the difference between the contract price and the resale price.

*297. SAFEGUARDING CONDITION OF GRAIN IN WAREHOUSES.—(a) The Board of Trade shall designate its Custodian Department as an agency for registration of public warehouse receipts, and only public warehouse receipts registered with such Custodian Department shall be within the provisions of paragraph (b) following.

(b) Whenever in the opinion of the operator of the warehouse any grain stored in a public warehouse under his jurisdiction should be loaded out in order to protect the best interests of the parties concerned, such operator shall notify the Custodian Department, giving the location and grades of such grain. The Custodian shall immediately notify the Chief Sampler of the Board of Trade, who shall at once proceed to the warehouse in which the grain is stored and examine it in conjunction with the Superintendent of such warehouse. If the Chief Sampler agrees with the Superintendent that the grain should be moved, the Chief Sampler shall so notify the Custodian of the Chicago Board of Trade. If the Chief Sampler does not agree with the Superintendent that the grain should be moved, the operator of the warehouse shall have a right to appeal to the Grain Committee of the Board of Trade. If on such appeal the Grain Committee shall agree with the Superintendent that the grain should be moved, the Grain Committee shall so notify the

*Adopted February 5, 1931, effective March 30, 1931. Approved by the Illinois Commerce Commission March 24, 1931.

Custodian of the Board of Trade, and the warehouse receipts covering the above specified lot or lots of grain shall no longer be regular for delivery on Board of Trade future contracts. Upon receiving such notice, either from the Chief Sampler or from the Grain Committee, the Custodian shall notify the holder, or holders, or their agents, together with the President of the Board of Trade, of the total quantity of the grade of grain in question (selecting the oldest registered warehouse receipt for such grain first, then such additional registered warehouse receipts in the order of their issuance as may be necessary to equal such total quantity of grain). When this information reaches the President he shall appoint a Committee consisting of five disinterested handlers of cash grain, which Committee shall meet at once and after taking into consideration various factors that establish the value of the grade of the receipts held by such owner or owners, shall determine the fair value of the grain, which price shall be that to be paid by the operator. If the price offered is not satisfactory, a Committee appointed by the President of the Board of Trade (at the request of such owner), shall procure other offers for such grain, and such offers shall be immediately reported to the owner or his agent. If the owner refuses to accept any such offers, he shall have the two following business days to order and furnish facilities for loading such grain out of store, and during this period the warehousemen shall be obliged to deliver the grain called for by the warehouse receipts, but not more than three days may elapse after notification by the Custodian to the holder of the receipt before satisfactory disposition shall have been made of the grain, either by sale to the operator or by the ordering out and furnishing facilities to load the same, provided the amount of such grain does not exceed 100,000 bushels in any one elevator. If the amount of grain in question exceeds 100,000 bushels the owner, or owners, of the warehouse receipts shall be allowed forty-eight hours of grace over and above the before men-

tioned three days for each 100,000 bushels in excess of the first 100,000 bushels.

(c) In the event that the holder of the warehouse receipt, or his agent, fails to move the grain or make other satisfactory disposition of same within the prescribed time, it shall be held for his account, and any loss in grade sustained shall likewise be for his account, and it shall be the duty of the warehouseman to post this grain in the regular manner prescribed by the Illinois Law.

(d) Nothing in the foregoing provisions shall be construed as prohibiting the warehouseman from fulfilling contracts from other stocks under his control.

CHAPTER 11.

Clearing House.

310. Settlement by Clearance.—All contracts, including contracts made by members upon behalf of non-members, shall be cleared through the Clearing House, and all such contracts shall be subject to the Charter, By-Laws, and Clearing Regulations of the Clearing House; except in security contracts unless otherwise stipulated in the bid or offer or it is otherwise agreed by the parties to the contract, or the Clearing House, either in the particular instance or in pursuance of its By-Laws and Resolutions, will not act in the matter.

‡311. Rights of Board.—During 1936 the Board, by the affirmative vote of fourteen Directors and thereafter by the affirmative vote of twelve Directors, may discontinue the clearance of commodities and securities contracts through the Clearing House, and provide for such other method of clearance as may be selected.

*312. Clearing House By-Laws.—The Clearing House may not change its By-Laws without the consent of the Board.

†313. Membership in Clearing House.—The Clearing House may prescribe the qualifications of its own members. However, no person, corporation, or partnership shall become a member of the Clearing House until approved by the Board. An individual may be a member of the Clearing House. A corporation may be a member of the Clearing House for the purpose of clearing its own trades exclusively if two of its officers are members of the Association and have registered their memberships for the use of the Corporation with the approval of the Clearing House Committee under the provisions of Rule 226; a corporation may be a member of the Clearing

‡Amended January 12, 1934 (effective January 16, 1934); amended December 9, 1935 (effective January 14, 1936).

*Amended November 7, 1929.

†Amended November 7, 1929; to become effective January 1, 1930: postponed to April 1, 1930; postponed to October 1, 1930; amended September 22, 1930; amended July 17, 1935. Amended January 6, 1942. See "Rulings."

House and clear trades for others if four of its officers are members of the Association and have registered their memberships for the use of the Corporation with the approval of the Clearing House Committee under the provisions of Rule 226; a partnership may be a member of the Clearing House when general partners, members of the Association, shall, with the approval of the Clearing House Committee, register their memberships for the use of the partnership under the provisions of Rule 226, as follows: (a) two members shall register when the partnership consists of two partners; (b) three members shall register when the partnership consists of from three to five partners; (c) four members shall register when the partnership consists of from six to ten partners; (d) five members shall register when the partnership consists of from eleven to fifteen partners; (e) six members shall register when the partnership consists of from sixteen to twenty partners; (f) seven members shall register when the partnership consists of from twenty-one to twenty-five partners; (g) eight members shall register when the partnership consists of from twenty-six to thirty partners; (h) nine members shall register when the partnership consists of from thirty-one to thirty-five partners; (i) ten members shall register when the partnership consists of thirty-six or more partners.

A lawfully formed and conducted cooperative association of producers, having adequate financial responsibility engaged in any cash commodity business having at least two officers who are members of the Board of Trade may clear trades through the Board of Trade Clearing Corporation, providing said two officers, with the approval of the Clearing House Committee register their memberships under the provisions of Rule 226 for the benefit of such cooperative association.

No corporation which is a member of the Clearing House may clear securities contracts through the Clearing House.

Where a partnership in an attempt to evade the provisions of this rule forms a corporation for clearing purposes, such corporation to clear trades must have registered the same number of Board of Trade members as was required by the partnership from which it was formed.

This rule as amended will become effective on January 1, 1943 for corporations and partnerships now registered, and as to corporations and partnerships registered hereafter shall become effective from the passage of this rule.

314. SUBSTITUTION.—Where a future delivery contract is cleared through the Clearing House, the Clearing House shall be deemed substituted as seller to the buyer, and shall also be deemed substituted as buyer to the seller, and thereupon the Clearing House shall have all of the rights and be subject to all of the liabilities of the original parties with respect to such contract.

315. OFFSETS.—Where a member buys and sells the same commodity for the same delivery, and such contracts are cleared through the Clearing House, the purchases and sales shall be offset to the extent of their equality, and the member shall be deemed a buyer from the Clearing House to the extent that his purchases exceed his sales, or a seller to the Clearing House to the extent that his sales exceed his purchases.

316. TRADES FOR CUSTOMERS.—Where a member makes a trade for future delivery of commodities for a customer (member or non-member) and the trade is cleared through the Clearing House, the Clearing House becomes the principal who is liable to the customer and to whom the customer is liable, subject to the following: (a) the trade shall remain subject to the Charter, By-Laws, and Resolutions of the Clearing House; (b) the trade may be offset against other trades of the clearing member as provided in Rule 315; (c) if the trade is not offset, and the member being a seller, tenders a delivery notice to the Clearing House,

the member to whom such notice is passed, under Rules 286 and 287, shall thereupon be substituted as buyer in lieu of the Clearing House; (d) if the trade is not offset, and the member, being a buyer, receives a delivery notice, under Rules 286 and 287, the issuer of such notice shall thereupon be substituted as seller in lieu of the Clearing House; (e) if the trade is offset, the Clearing House shall be discharged, and the member himself shall be substituted for the Clearing House as principal. For the purpose of this Rule, the first trades made shall be deemed the first trades offset

CHAPTER 12.

Cash Grain.

*330 Scope of Chapter.—All exchange contracts for the purchase or sale of cash grain including grain to arrive shall be subject to the provisions of this Chapter, except that the provisions of Rules 331, 332, and 333 shall not apply on grain to arrive from points on or west of the Missouri River on grain originating west of the Missouri River.

‡331. Grain to Arrive.—The Board shall maintain a desk in the Exchange Hall in charge of a reporter, to whom, during regular trading hours, bids may be submitted to buy grain to arrive. Members desiring to buy grain to arrive during such hours must submit bids to the reporter, who shall immediately post on a blackboard the highest bids submitted. All bids shall specify the kind of grain, the billing, the grade, the price, and the time of shipment. The posting of a higher bid cancels all lower bids for the same grade of the same grain for the same shipment. Unaccepted bids may be withdrawn by notice to the reporter and shall promptly be erased from the blackboard. The highest unwithdrawn bid constitutes an open offer to buy, which may be accepted by any other member who may compel the bidder to take at least one carload. The last posted and unwithdrawn bids at the close of the regular market shall constitute the closing prices of the day for the particular grades, billing, and shipments specified in such bids.

†332. Bids During the Session.—During the session, members are prohibited from bidding the country for wheat, corn, rye, oats and soy beans to arrive at prices in excess of the last posted prices less the following minimum charges; on purchases from non-members, 1%, with minimum charges of 1c

*Amended October 7, 1931.
†Amended July 20, 1936; Aug. 24, 1938. See "Rulings."
‡See "Rulings."

per bushel on wheat, corn, rye and soy beans, ¾c per bushel on oats; on purchases from members ¾ of one per cent, with minimum charges of ¾c per bushel on wheat, corn, rye, and soy beans, and ½c per bushel on oats.

*333. Bids After Session.—After the session, members are prohibited from bidding the country for grain to arrive at prices in excess of the closing prices of the day less the minimum charges above specified, except as follows: a member having a bona fide bid from a buyer in Chicago in excess of any closing price may bid the country such bid price less the regular charges. A member who has made bona fide bids to not less than five members in the cash grain business in excess of any closing price may bid the country the price named in such bids less the regular charges. Members thus bidding in excess of any closing price must file with the Secretary before 8:00 A. M. of the following day, a statement showing the prices at which they bid the country and the facts justifying such bids under this Rule.

334. Purpose of Charges.—The charges prescribed by Rule 332 are designed to cover the expense of handling and financing grain in Chicago; hence such charges need not be deducted where grain is purchased from a member in business in Chicago who handles and finances the grain in Chicago.

335. Expiration of Bids.—All bids to the country for grain to arrive made during the session must be for acceptance in five minutes or less after their receipt, and similar bids made after the session must expire at 9:30 A. M. the following day.

336. Time of Shipment.—On sales to arrive, unless otherwise agreed, shipments shall be made within ten calendar days from the date of sale, except that when sales are made as "now loaded" or "loading today," shipment shall be made not later than the following day. Where sales are made for immediate shipment, shipment shall be made within three

*See "Rulings."

days. Where sales are made for quick shipment, shipment shall be made within five days. Where sales are made for prompt shipment, shipment shall be made within ten days. In computing the number of days, the date of the contract shall be excluded, but Sundays and holidays shall be included.

337. REGULATION AUTHORIZED.—The Board, by Regulation, may impose further conditions relative to trading in grain to arrive.

338. CARLOAD DEFINED.—Unless otherwise agreed, a carload of wheat shall be understood to contain 1,400 bushels; a carload of corn, kaffir, milo maize, feterita, and rye shall be understood to contain 1,500 bushels; a carload of oats shall be understood to contain 2,000 bushels; a carload of flaxseed shall be understood to contain 1,000 bushels; a carload of timothy, Hungarian, millet, and cloverseed, shall be understood to contain 36,000 pounds; a carload of barley shall be understood to contain 1,400 bushels.

*339. CONTENTS OF CAR.—Where the subject of the sale is the contents of a car, the entire load shall constitute a proper delivery provided it is not less than the marked capacity of the car.

340. CAR OF SPECIFIED CAPACITY.—Where the subject of the sale is a car of a specified capacity, and that capacity car is delivered, the marked capacity of the car shall be the minimum quantity deliverable, and 10 per cent above the marked capacity of the car shall be the maximum quantity deliverable. In case of oats, settlement shall be made at the contract price where the quantity delivered is not less than 80 per cent of the quantity contracted for. Within these limits, the price payable shall be the contract price per bushel, without adjustment.

†341. DELIVERY OF WRONG CAPACITY CAR.—Where the subject of the sale is a car of a specified capacity, and a different capacity car is delivered, settlement shall be made at the contract price for the specified capacity as contracted for.

*Amended December 9, 1936.
†See "Rulings."

subject to adjustment for any excess or deficit under Rule 342. In case of oats, settlement shall be made at the contract price where the quantity delivered is not less than 80 per cent of the quantity contracted for. The seller must promptly notify the buyer when the car delivered is not of the capacity contracted for.

342. Excess or Deficit.—Where there is an excess or deficit upon delivery, such excess or deficit shall be settled for on the basis of the market price at the time when such excess or deficit becomes known to both parties; provided that the buyer, if he elects, may cancel the contract as to any deficit.

343. Delivery to Connecting Line.—Where grain in cars is sold for delivery to a connecting line, the buyer must give the seller the name of a carrier who will receive the cars, and the seller on the same day must order the cars delivered to such carrier. Delivery to such carrier shall constitute delivery to the buyer. If the buyer within twenty-four hours does not give to the seller the name of such a carrier, the seller may hold the cars at the buyer's risk, or may sell such cars for the buyer's account. If the seller, having received such name, does not order the cars delivered as above provided, the buyer may cancel the purchase, or may hold the seller liable for non-performance.

344. Sales by Sample.—Where grain is sold by sample or on arrival, if sold to arrive, the buyer has the privilege of official resample by the Association Sampler and must accept or reject by 11:00 A. M. the following day, unless it shall have been impossible for the Association Sampler to sample such grain, in which case the buyer shall notify the seller by 11:00 A. M. on the day following the purchase, and such grain shall be sampled as soon as possible, and the buyer must accept or reject promptly after the Association sample is received. When the Association Sampler reports cars too full for thorough resampling, the buyer has the privilege of the Association official's resample at unloading, but it shall be the

duty of the buyer to notify the seller by 11:00 A. M. on the day following the purchase, or upon delivery of the sample, if delayed as above noted, of his intention to re-examine such cars at the time of unloading.

345. Overloading.—Cars loaded too full for proper inspection and so noted on the inspection certificate are subject to re-inspection at the time of unloading.

346. Surrender of Documents.—Where grain is received from outside points, the buyer must demand and the seller must deliver, at the time of payment, an authorized railroad receipt therefor, including a copy of the order whereby the grain has been consigned for unloading to a point within the Chicago District. The grain shall not be diverted from such point of unloading without the consent of the holder of such receipt. If the grain has been unloaded under the jurisdiction of the Custodian Department of the Association, the buyer must demand and the seller must deliver, at the time of payment, an official certificate issued by such department. Failure to deliver the freight bill issued by the originating carrier shall not constitute a reason for non-payment.

347. Time of Unloading.—Where grain is sold to be unloaded, and settlement is to be made on the unloading weight, if the grain is not unloaded and weighed within seven business days after delivery to the carrier nominated by the buyer, the buyer shall pay 80 per cent of the value of the grain based on shipper's weight or car capacity, subject to final adjustment after unloading.

348. Time of Delivery.—When grain is sold in store without special agreement as to delivery, delivery and payment shall be made before 11:00 A. M. on the following day. If such a sale is specified as for cash, and the sale is made before 1:15 P. M., delivery and payment shall be made before 1:45 P. M. on the same day. Deliveries shall not be made between 11:00 A. M. and 1:15 P. M., except on Saturdays unless by

special agreement. Saturday deliveries shall be made before noon. If delivery is tendered during the temporary absence of the buyer from his office, notice shall be left, and the buyer shall then call and make payment at the office of the seller within one hour.

349. TIME OF PAYMENT.—Where commodities have been sold and delivered, invoices therefor, if presented before 1:00 P. M., shall be paid before 1:45 P. M., except on Saturdays when invoices, presented before 11:20 A. M., shall be paid before 11:50 A. M. Weight certificates must be attached to invoices. Board of Trade holidays which are not legal or Clearing House bank holidays shall not extend the time of payment.

350. WEIGHT CERTIFICATES.—Where grain is sold for shipment from outside points to Chicago, subject to Chicago weights, the purchaser or consignee must furnish the seller or consignor a weight certificate of the Association or other disinterested person.

*351. WEIGHING AND CUSTODIAN CHARGES. — The Board shall fix the fees to be charged by the Weighing and Custodian departments.

†352. INTEREST ON ADVANCEMENT.—Purchasers or receivers of to arrive or consigned commodities who make advancements upon such shipments must charge interest upon such advancements. The minimum interest rate (not less than 2½%) shall be fixed monthly by the Board and posted on the bulletin board.

353. DEFAULT OF SELLER.—A seller of grain to arrive, who finds himself unable to comply with his contract, must immediately notify the buyer. Where sellers of grain to arrive fail to make shipment according to contract, the buyer may either cancel or extend the contract, or purchase an equal quantity

*Amended December 19, 1941.
†See Regulation 1857 on Corn.

of the same commodity on the open market for the seller's account. In the latter case, if the sale is by type sample, the buyer may take not more than three days to match up the sample.

354. DEPOSITS FOR CASH GRAIN.—Buyers of cash grain may require sellers, and sellers may require buyers, to make deposits subject to the provisions of this Chapter, except that the person called shall have until the following day to make the deposit.

*355. PRINCIPAL AND AGENT.—No member receiving grain or other commodities, either directly or indirectly, shall act as principal and agent in the same transaction after such grain or commodities have arrived and been inspected. The purchase of grain or other commodities after arrival and inspection at Chicago by direct or indirect consignee constitutes a violation of this Rule.

*Adopted April 1, 1931.

CHAPTER 15.

MISCELLANEOUS.

600. SEAL.—The seal of the Association shall bear a figure of Justice with a ship in the distance surrounded with the corporate name of the Association.

601. APPROPRIATIONS.—There shall be no appropriation of money or property of the Association except for the purpose of its legitimate business or to promote the purposes of its organization.

602. JUDGES MUST BE DISINTERESTED.—A member may not serve upon the Board or upon any committee upon any trial or hearing where he has a financial interest in the result thereof, or where he is connected with a firm or corporation having such an interest.

*603. GRAIN FUTURES ACT.—Members are required to comply with all lawful provisions of the Grain Futures Act and regulations thereunder lawfully promulgated by the Secretary of Agriculture. These Rules and Regulations shall be construed to conform thereto. The Board may adopt such Regulations as may be necessary to make such act effective.

604. ADVERTISING.—No member shall publish any advertisement of other than strictly legitimate business character.

605. ADVERTISING APPROVED BY BUSINESS CONDUCT COMMITTEE.—Every advertisement of a member, including the offer to make purchases or sales of listed securities, or of securities about to be listed, shall state that such securities are listed on the Board of Trade of the City of Chicago, and unless it is in a general form approved by the Business Conduct Committee, must, before publication, receive the approval of said Committee.

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*See Regulation 1828.

606. REPEALING CLAUSE.—These Rules shall be effective upon such day as may be proclaimed by the Board. Upon the taking effect of these Rules, all former Rules and Regulations shall be repealed, except as herein provided, and except that prior transactions shall be governed by the Rules previously in effect.

607. LIABILITY UNDER PREVIOUS RULES AND REGULATIONS.—The provisions of the Rules and Regulations in force immediately prior to the adoption of these Rules and Regulations shall be superseded hereby, except that such adoption shall not affect the liability of any member of the Association for any offense theretofore committed, or any rights or liabilities theretofore acquired or incurred.

*608. TRADING ON OTHER EXCHANGES.—No member of this Association shall be permitted to trade on any other exchange in the City of Chicago whose Constitution, By-Laws, Rules, or Regulations prescribe or limit the trading privileges of our members on our own exchange.

*Adopted November 9, 1929.

CHAPTER 21.

Regulations Relating to Cash Grain Brokers.

***1010. A cash grain broker who solicits purchases of grain for shipment to the Chicago District must be a member of the Association and shall receive as compensation one-fourth of a cent per bushel on grain purchased for his principal. He shall not, however, receive such compensation on purchases of grain in which he is financially interested (whether as stockholder of a corporate seller or otherwise) or on purchases from persons from whom he receives compensation.**

*See "Rulings."

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CHAPTER 22.

Regulations Relating to Committees.

1015. Standing Committees.—Standing Committees shall be Board Committees or Members' Committees. Board Committees shall be composed exclusively of members of the Board. Members' Committees may be composed in part of members of the Board and in part of non-members of the Board. The President shall be ex-officio a member of all committees.

*1016. Board Committees.—The following committees each consisting of three or more members shall be Board committees: Claims and Insolvencies, Executive, Finance, Law, Membership and Rules.

†1017. Members' Committees.—The following committees each consisting of three or more members shall be Members' committees but at least one member of each committee shall be a member of the Board: Business Conduct, Clearing House, Cotton, Cottonseed Oil, Floor, Floor Practices, Grain, Market Report, Personnel, Provisions, Public Relations, Real Estate, Securities and Stock List, Soybean, To-Arrive Grain, Transportation, Warehouse and Weighing and Custodian.

1018. Committee on Odd Lots and Specialists.—The Committee on Odd Lots and Specialists shall have general supervision over dealings in lots of stock of less than one hundred shares and the methods of specialists. It may formulate and submit to the Board for its adoption Regulations with respect to said matters and shall require the observance thereof, when adopted.

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*Amended January 15, 1935; amended January 21, 1941.
†Amended September 22, 1936; amended September 10, 1940; amended January 21, 1941; amended September 1, 1942.

1019. COMMITTEE ON SECURITIES.—The Committee on Securities shall have general supervision over the delivery of securities on Exchange contracts, including reclamations therefor, irregularities therein, and interest and dividends thereon; due bills and contracts for future delivery; deposits on Exchange contracts; and questions arising out of such subjects. It may also permit dealings in rights growing out of securities already listed on the Exchange and shall have supervision over the trading in any rights in which dealing may be permitted.

1020. COMMITTEE ON STOCK LIST.—The Committee on Stock List shall have the following powers:

(a) To prescribe the requirements for listing securities on the Exchange;

(b) To receive and consider all applications for placing securities on the List of the Exchange, and make reports and recommendations thereon to the Board. In its discretion it may permit dealings on a "when issued" basis:

(1) In certificates of deposit for interim receipts for securities,

(2) In securities of a corporation, the securities of which are already listed on the Exchange, or

(3) In securities growing out of securities already listed,

but in every such case, a full report shall be made to the Board at its next meeting;

(c) To place upon the List without report and recommendation to the Board, obligations of the Government of the United States, or of any State, County, or City thereof, and the external dollar bonds of foreign governments;

(d) On receipt of assurances satisfactory to the Committee that an application conforming to the requirements will be made for the listing of the definitive securities, to place upon the List certificates of deposit or interim receipts for securities, or temporary securities of a corporation, securities of which are listed on the Exchange, and to direct that any such certificates of

deposit, interim receipts, or temporary securities be removed from the List and further dealing therein prohibited, but in every such case a full report shall be made to the Board at its next meeting;

(e) To direct that any security listed upon the Exchange be removed from the List and prohibit further dealing therein upon maturity of such securities, or when it shall appear that the outstanding amount thereof has become so reduced as to make inadvisable further dealing therein upon the Exchange;

(f) To have charge of the arrangement and revisi of the printed list of securities.

*1021. Floor Practices Committee.—The Committee on Floor Practices shall have general supervision over the practices of members in trading in futures contracts on the Floor of the Exchange. Adjustments that are made to and for the account of customers arising from improper execution of orders may be authorized by the Floor Practices Committee, and all such adjustments may be charged to the account of the broker by the clearing member. Adjustments arising from errors made before orders arrive or after orders leave the Floor of the Exchange are not under the authority of the Floor Practices Committee but are under the authority of the Rules Committee. The Floor Practices Committee may consider and investigate complaints made to it by members of the Association and the Chairman of the Committee shall make a verbal or written report to the Board of Directors of all such complaints and the disposition which the Committee has made or recommends thereof.

1022. Additional Committees.—In addition to those appointed by the President, the Board may appoint such committees as it sees fit and prescribe the duties thereof.

*Adopted September 1, 1942. See Regulations 1843 and 1871; see "Rulings."

CHAPTER 23.

Regulations Relating to the Market Report Committee.

*1030. Duties.—The Market Report Department shall be under the supervision of the Market Report Committee. The records and reports of the Department shall be considered and treated as portions of the official records of the Association and may not be given out or disseminated except pursuant to the conditions and restrictions prescribed by these Regulations.

The Market Report Committee shall require the observance of Rules and Regulations adopted relating to commissions, to partnerships, to offices of members, whether main offices or other offices, and shall report to the Board any partnership or any condition existing in an office which may appear to be detrimental to the interest or welfare of the Association.

The Market Report Committee shall have charge of all matters relating to collection, dissemination, and use of quotations in connection with commodities or securities. It shall have the power to approve or disapprove any application for quotation service to a non-member or to telephonic or telegraphic wire or wireless connection between the office of a member or a member's firm and the office of any corporation, firm, or individual not a member of the Association transacting a banking or brokerage business and it shall have power at any time to disapprove the furnishing of any such quotation service or any such wire or wireless connection and to require the discontinuance thereof. It may inquire into wire or wireless connections of every kind whatsoever between the office of a member and any member or non-member, and may require the discontinuance of any such connection.

*See "Rulings."

1031. WIRE AND OTHER CONNECTIONS.—The privilege of telephonic or other wire connection between the office of a member and the Exchange shall not be enjoyed as a right of the member, but shall rest in the discretion of the Market Report Committee or of the Board on an appeal from decision of the Market Report Committee. No appeal shall, however, suspend the operation of said decision.

The Market Report Committee, in its discretion, may grant or withhold such privilege from a member, and, in its discretion, without being obliged to assign any reason or cause for its action, may disconnect or cause to be disconnected any apparatus or means for such communication or may deprive any member of the privilege of using any public telephone or means of communication installed by the Exchange for the use of members.

1032. DECISIONS OF COMMITTEE.—Every decision of said Committee, whereby a member is deprived of any such privilege, shall be immediately posted upon the bulletin board in the Exchange, and every member shall be deemed to have notice thereof.

No member shall, after such notice shall have been posted directly or indirectly furnish to the member named therein any facilities for communication between the office of the member so named and the Floor of the Exchange or between the office of the member so named and the office of any other member.

1033. CONSENT REQUIRED FOR WIRES.—No member shall establish or maintain wire connection of any description whatsoever or permit wireless communication between his office and the office of any non-member corporation, firm, or individual transacting a banking or brokerage business, without having first obtained the approval of the Market Report Committee therefor.

The applications for such connections or means of communication shall be in a form prescribed by said Committee.

The use of public telephone or telegraph service in such manner as to amount to private connection shall be deemed to be within this Regulation.

1034. Registration with Committee.—Every such means of communication shall be registered with said Committee, together with the telegraphic, telephonic, or wireless calls used in connection therewith; said Committee may make such requirements governing said matters as it shall deem necessary or desirable.

1035. Notice.—Notice of the discontinuance of any such means of communication shall be promptly given to said Committee; and said Committee shall have power, at any time in its discretion, to order any such means of communication discontinued.

No such communication shall be other than by means of a wire or wireless system approved by said Committee.

1036. Cost of Operators.—No member shall, directly or indirectly, pay the cost of operators or any other expense pertaining to the office of a non-member; except that said Committee may permit the payment by a member of part or all of the cost of such means of communication between an office of a member and a non-member as has been approved by the Market Report Committee.

1037. Bond Salesmen.—Bond salesmen's headquarters shall not be considered as a branch office and shall not be used for the purpose of soliciting commission business, but shall be merely central points for the convenience of bond and security salesmen engaged exclusively in handling bonds or unlisted securities in adjacent territory for the account of their employers. No prices of stocks shall be posted at such headquarters.

1038. COMMISSIONS TO SECURITY SALESMEN. — *Members* may allow to security salesmen a commission on sales of listed bonds owned by the employer, provided that the profit thereon, after payment of said commission, is not less than the amount of commission required by the commission Rules of the Exchange on both a purchase and a sale of such bonds.

Members may allow to security salesmen a commission on sales of unlisted securities.

Members may allow to security salesmen a commission on the sale of listed stocks which are owned by said members where such stocks are of original issue, that is to say, purchased directly from the company by said member or his firm.

Members may allow to security salesmen a commission on the sale of listed stocks which are owned by said members and which are not of original issue, provided that the Market Report Committee shall have found upon the application of any member that it is not against the interest of the Exchange to offer any such stocks off the Floor of the Exchange publicly by advertisement or otherwise and shall not have changed such finding. Where such offering is permitted and a member or his firm desires to syndicate or to form a selling group in such stocks which are not of original issue, the following must be observed:

(a) The syndicate or selling agreement must have a fixed and reasonable date of termination and must cover a definitely stated amount of stock;

(b) A member, firm, or corporation offering stocks for sale through a selling group or syndicate containing non-members or paying a commission to salesmen must have a firm financial commitment for a substantial amount of the stock to be offered;

(c) If it is the intention of a member, firm, or corporation to form a selling group containing non-members, where no financial obligation is incurred by the members of the group except that of making payment for the stock purchased by them, or of paying a commission for dis-

pensing of the stock, any members of the Exchange shall upon application to the selling group be allowed such a commission as will enable them to sell the stock to their customers at the same price as members of the selling group are authorized to sell to the public.

In all cases where commissions are allowed to security salesmen, members may allow similar commissions to such other employees in their offices as may be approved by the Market Report Committee.

1039. EMPLOYEES.—The Market Report Committee may require that the name, remuneration, term of employment, and actual duties of any employee of a member, firm, or corporation, shall be stated to the Committee, together with such other information with respect to the employee as the Committee may deem requisite; and said Committee may, in its discretion, disapprove of said employment, remuneration, or term of employment.

1040. CONDUCT OF PRIVATE OFFICES.—The Market Report Committee is empowered to examine into the conduct of all private offices or places of business receiving the continuous market quotations of the Association, and, in such places where the Committee shall deem the continuance of such service detrimental to the best interests of this Association, the Committee shall forthwith order a discontinuance of the quotations and shall report the facts immediately to the Board, which shall take whatever further action is necessary to uphold the good name and dignity of this Association.

No member shall employ in any office, without the prior approval in each case of the Market Report Committee, any person for the solicitation of business or any so-called "customers' man" or "solicitor."

*1041. TELEPHONE WIRES.—The dissemination of continuous market quotations of the Association over all telephone wires is strictly prohibited, except by permission of the Market Report Committee, and such permission, if granted, shall

*Amended February 4, 1930.

be subject to the charges prescribed by Regulations 1047 and 1048. This does not prohibit ordinary conversation where dissemination of quotations is not contemplated.

1042. COMMUNICATION FROM THE EXCHANGE HALLS. — No member of this Association shall, by messenger, signal, telephone, telegraph, or any other means whatsoever, convey or transmit continuously the market quotations from the Exchange Halls to any person, firm, or corporation located off the Exchange Halls.

†1043. MEMBERS RESPONSIBLE FOR CORRESPONDENTS.—Members doing business with correspondents must keep themselves well informed regarding their financial standing and shall immediately report to the Secretary any information that does in any way indicate that a correspondent is insolvent, or threatened with insolvency, or guilty of any irregularities or practices affecting the good name of the Association.

*1044. RADIO BROADCASTING.—

(a) No member, firm, corporation, or employee thereof shall transmit, by any kind of radio service, any market quotations, either securities, futures, cash grain on spot or to arrive, or any market information or gossip without the approval of the Board.

(b) No quotations except those prevailing at the opening of the market; and at each thirty minutes thereafter; and at the close of the market, may be used for broadcasting.

(c) Radio broadcasting stations must name the periods at which the quotations prevailed and designate them as furnished by the Board of Trade of the City of Chicago.

(d) No member, firm, corporation, or employee thereof shall in any manner claim or be given credit for furnishing information for radio service, except as provided in section (e) of this Regulation.

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*Amended August 23, 1932; April 24, 1934; September 15, 1936 and December 1, 1936.

†See "Rulings."

(e) Upon application, the Market Report Committee may grant permission to individuals, firms, corporations, or employees thereof, to furnish the quotations of this Association to radio stations. The name of the individual, firm, corporation, or employees thereof, may be mentioned at the beginning and at the end of each period at which quotations are broadcast. In case there is more than one request to furnish this service at any location, the Committee may divide the time equally upon a yearly basis.

1045. COTTON QUOTATIONS.—The time and price at which every transaction for the future delivery of cotton is made shall be reported to the Cotton Registrar by the seller and/or buyer within five minutes of its consummation, except on the calls, when transactions in each month must be reported before the next month is called; if a transaction is not so reported by either party, it shall not be recorded in the record of transactions without the written consent of the Cotton Committee.

1046. COTTON PRICES.—Transactions in cotton made in any month at a price above that at which such month is offered or below that which is bid for such month, until what is offered shall be taken or what is bid for shall be supplied, shall not be deemed to be made at the market price for such month and shall not be reported or recorded in the record of transactions. No transaction that is not made by open outcry shall be reported or recorded in the record of transactions.

1047. COST OF WIRES TO MEMBERS.—Whenever the market quotations of any commodities or securities are transmitted over any private wire running into any office of any member, such member shall pay to the Association $15.00 per month for each office of such member outside of Chicago into which such wires run. A member who has his main office in Chicago, and branch offices outside of Chicago, shall pay as rental the sum of $7.50 per month for each of his branch offices having such wire connections. Applications for such

wire connections must first be approved by the Market Report Committee. When such a wire connection is made, the member shall report to the Secretary in writing, giving the number and location of his offices having such wire connections. Failure to make such report or to pay rental, as above provided, shall subject the offending member to suspension and his wire connections shall be discontinued until this Regulation shall have been complied with.

1048. Cost of Wires to Non-Members.—Whenever the market quotations of any commodities or securities are transmitted over any private wire, leased by a member which runs into the office of a non-member, there shall be paid as rental to the Association the sum of $15.00 per month for each such non-member connection. If, however, during a particular month, the continuous quotations of the Association were not posted and no business in commodities or securities was transacted in a particular office, no rental shall be payable for that office during that month. Rentals payable hereunder shall be paid by the member or non-member as they may agree, but the member shall be responsible to the Association for the collection and payment thereof. All such wire connections, before they are made, must be approved by the Market Report Committee. Members having such wire connections shall make signed reports each month to the Secretary showing what rentals were payable for the preceding month. If a member fails to make such report or to pay rentals as herein provided, he shall be suspended and his wire connections shall be discontinued until this Regulation shall have been complied with.

CHAPTER 24.

Regulations Relating to Corporations.

*1060. Registration for Members' Rates in Futures and Securities.—A member desiring to register his membership in the name of a corporation, so as to entitle such corporation to members' rates, shall submit to the Board a statement giving the name of such corporation, the business in which it is engaged, its authorized and outstanding capital stock, and a complete balance sheet disclosing its assets and liabilities. Such statement shall also disclose the relationship existing between the member and such corporation, and shall also disclose the number of shares of such corporation owned by the member in his own right. The statement must show that the member is a bona fide and active executive officer of the corporation and is empowered by the by-laws or directors of his corporation to enter into contracts for and on behalf of the corporation. No member shall register his membership in the name of more than one corporation, nor shall any membership registered in the name of a partnership be registered in the name of a corporation.

†1061. Registration for Trading on the Floor in Cash Grain and Provisions.—Any two members of this Association, who are officers of a corporation and desire to register their memberships in this Association in the name of such corporation, so as to entitle such corporation to trade in cash grain or provisions in its own name, shall submit to the Board a statement giving the name of such corporation, the business in which it is engaged, its authorized and outstanding capital stock, and a complete balance sheet disclosing its assets and liabilities.

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*Amended December 22, 1931.

†Amended April 11, 1939 and May 23, 1939.

Such statement shall also disclose the relation existing between such two members and such corporation, and shall also disclose the number of shares of such corporation owned by each of such members in his own right. The statement must show that each of such members is a bona fide and active executive officer of such corporation and also a substantial stockholder thereof in his own right; provided, however, that the latter requirement pertaining to substantial stock ownership may be waived in the event such corporation

(a) is a lawfully formed and conducted cooperative association of producers, or

(b) is a wholly-owned subsidiary of a corporation registered under the provisions of Rule 226, and such parent corporation shall guarantee, in a form and manner satisfactory to the Board, all obligations and liabilities of such subsidiary corporation, and compliance by such subsidiary corporation with the Rules and Regulations of the Association.

A membership which is registered in the name of a corporation may not be registered in the name of another corporation or a partnership.

*1062. Cooperative Association of Producers. A lawfully formed and conducted cooperative association of producers having adequate financial responsibility, engaged in any cash commodity business, conforming to the following requirements:

First: The Cooperative Association must have not less than 75 per centum of the voting capital stock, or membership capital, in good faith owned and controlled, directly or indirectly by producers of agricultural products;

Second: The Cooperative Association, if organized without capital stock, shall not allow a member of the Cooperative Association more than one vote, or if organized with capital stock, the Cooperative Association shall not pay dividends

*Adopted November 16, 1943.

on any class of capital stock in excess of 8 percent per annum cumulative;

Third: The Cooperative Association shall not, during any fiscal year, deal in the products of non-members of the Cooperative Association to an amount greater in value than such as is handled by it for members of the Cooperative Association;

Fourth: The Cooperative Association, not more frequently than semi-annually, may pay out of its accumulated or current earnings and savings, patronage dividends to members of the Cooperative Association only and upon the basis of business transacted with such members for the period covered by transactions in which such earnings and savings have accrued; and

Fifth: The Cooperative Association, if domiciled in the State of Illinois, must be organized under the provisions of "The Agricultural Cooperative Act of 1923," enacted by the General Assembly of the State of Illinois, or, if organized under the laws of some other state, must be qualified to do business within the State of Illinois under the provisions of "The Agricultural Cooperative Act of 1923" and operate within the provisions thereof, may be entitled to members' rates by virtue of a membership owned by one of its duly authorized representatives, and may be entitled to do business in cash grain and provisions on the floor by virtue of the memberships owned by two of its duly authorized representatives. A member who desires to designate such a cooperative association of producers for that purpose shall make application to the Board, giving therein such information as may be requested (Rule 226). If the application is granted, such cooperative association of producers, as well as such member, shall be entitled to members' rates. Such designation may be terminated at any time by the member, or by the Board. A cooperative association of producers entitled to members'

rates shall be subject to all requirements and prohibitions contained in the Rules and Regulations applicable to members, (except as may be exempted by the Commodity Exchange Act and the Regulations of the Secretary of Agriculture issued thereunder) and in such cases the member shall be subject to discipline and the membership subject to sale by the Board for the acts or delinquencies of the cooperative association.

CHAPTER 25.

Regulations Relating to Partnerships.

1070. Number of Partners.—No member shall conduct business under a firm name unless he shall have one general partner; provided, however, that if by death or otherwise the general partners in the firm registered with the Association are reduced to the Association member, he may continue business in the firm name for such period only as may be allowed by the Market Report Committee.

*1071. Formation of Partnerships.—When a member intends to form a partnership or admit other individuals to an existing partnership he shall notify the Secretary in writing to that effect. The Secretary shall refer the application to the Market Report Committee, which shall have authority to approve or deny the request. On receipt of such notice from a member the Secretary shall cause the same to be posted upon the bulletin board of the Association. A member shall promptly notify the Secretary of the retirement from a partnership of which he is a member of any individual or of the dissolution of such partnership.

1072. Partners' Interest in Firm.—Every partner in a firm represented on the Association must have a fixed or determinable interest in its entire business, unless a different arrangement is approved by the Market Report Committee.

1073. (Rescinded March 10, 1942.)

1074. Partner of Suspended Member or Insolvents.—A member shall not form a partnership nor, unless permitted by the Board, continue in a partnership with a suspended

*Amended June 25, 1929.

member of the Association, nor with any person who has been expelled therefrom, nor with an insolvent person or a person who may have previously been a member of the Association and against whom any member holds a claim, arising out of transactions made during the time of such membership and which have not been released or settled.

1076. Discipline of Partners.—A member of the Association who is a general partner in a firm represented thereon is liable to the same discipline and penalties for any act or omission of said firm as for his own personal act or omission; but the Board may, in its discretion, by a vote of not less than two-thirds of its members present, relieve him from the penalty therefor.

1077. Dissolution of Partnership.—Whenever it shall appear to the Board that a member has formed a partnership or has become an officer, employee, or stockholder of a corporation or established an office or headquarters or is individually, or through any member of his firm, interested in a partnership or business, or has formed any business connection whatever whereby the interest or good repute of the Association may suffer, the Board may require the dissolution of any such partnership or discontinuance of such business office, or headquarters, or business connection as the case may be.

1078. Relations Controlling Policy.—Whenever it shall appear to the Board that a member, individually or through his firm or a partner or partners therein, has such a business connection with a corporation or association that the corporation or association dominates the business of the member or firm or controls the policy of such business, the Board may require the discontinuance of such business connection.

1079. Members' Rates in Cash Grain and Provisions.—Any two members of this Association, who are members

of a partnership and desire to register their memberships in this Association in the name of such partnership, so as to enable such partnership to trade in cash grain or provisions in its own name, shall submit to the Board a statement giving the name of the partnership, a list of the partners, and the business in which the partnership is engaged. The statement must show that the two members are substantial and active members of the partnership. Any membership which is registered in the name of a partnership may not be registered in the name of another partnership or corporation.

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CHAPTER 27.

Regulations Relating to the Custodian Department.

*1230. The Custodian Department shall be in charge of a Custodian who shall be under the supervision of the Weighing and Custodian Committee. The Custodian shall give bond with sufficient sureties in such sum and upon such conditions as may be required.

*1231. Where commodities are sold, to be unloaded into private elevators and paid for after unloading, the Custodian shall take possession of such commodities in such private elevators, and shall hold possession thereof as agent for the seller until the purchase price thereof shall have been paid. He shall issue to the seller a certificate, as hereinafter provided, which shall describe the commodities in his possession, and he shall not thereafter release possession of such commodities except upon surrender of such certificate.

*1232. A Custodian, duly appointed by the Board, shall be placed at such private elevators or other buildings or places of private ownership as the Custodian Committee shall deem necessary and such Custodian shall keep a daily record containing the official Board of Trade weights of all commodities dealt in under the Rules and Regulations of the Association and weighed by the Official Board of Trade Weighmaster, which commodities have been unloaded into or loaded out of such private elevators or other buildings or places of private ownership.

*1233. When any of such commodities shall be unloaded as above provided, the Custodian shall promptly issue and deliver to the party for whose account the same is unloaded an

*Approved by the Illinois Commerce Commission June 29, 1933.

official certificate as evidence of such unloading, except in cases where the commodity is loaded out in whole or in part on the same day as received, in which case the Custodian shall procure the shipping receipt or bill of lading given for such property and shall deliver the same to such party with a certificate for such quantity that is not loaded out—the two together representing the entire quantity unloaded.

*1234. The Custodian shall not allow the loading out of any commodity from such private elevators or other buildings or places of private ownership, except as provided in Regulation 1233, until the proprietor or manager thereof shall surrender to him for cancellation official certificates, properly endorsed, equal to the amount of the commodities to be loaded out, and such commodities shall be weighed by the Weighing Department of the Association.

*1235. The Custodian shall estimate daily the amount of shrinkage incidental to the handling, cleaning, or clipping of grain, also of any variation between the "in" and the "out" weight, and report same at once to the proprietors or managers, and it shall be their duty to surrender to the Custodian certificates for cancellation sufficient to cover same. It further shall be the duty of the proprietors or managers to keep in store at all times, in excess of all outstanding certificates, a quantity equal to at least 3 per cent of the total quantity in store represented by outstanding certificates, in addition to the estimated amount of shrinkage, as hereinbefore provided.

*1236. In such places where the commodities herein described are manufactured into products or the original commodity otherwise changed in form, the Custodian may permit the proprietors or managers thereof to use such commodities without the surrender of Custodian certificates for

*Approved by the Illinois Commerce Commission June 29, 1933.

the same whenever the said proprietors or managers shall furnish to said Custodian written evidence of the consent to such use by the party for whose account the said commodities were unloaded; provided, however, that the Custodian shall not issue any certificates for commodities used under such circumstances.

*1237. It shall be the duty of the Custodian to require the official weighing of all commodities in each and every private elevator, or other building, or place of private ownership hereinbefore described, by the Board of Trade Weighmaster as often as in his judgment may be needful to enable him to accurately determine the quantity of commodities stored in such elevators, or other buildings, or places of private ownership, for the purpose of verifying the correctness of his outstanding certificates; or the Custodian Committee may at any time, in the exercise of its discretion, order the weighing of such commodities.

*1238. Whenever, in the judgment of the Custodian or of the Custodian Committee, it shall be deemed advisable, the proprietor or manager of such private elevators, other buildings, or places of private ownership, shall be required to increase his ordinary line of fire insurance upon such private elevators, other buildings, or places of private ownership, and the contents thereof for which Custodian certificates have not been surrendered for cancellation, to such an amount as may be determined by the Committee or the Custodian; and such proprietor or manager shall allow an inspection of the amount and character of said insurance carried by such proprietor or manager whenever requested by the Custodian Committee or by the Custodian.

*1239. Whenever such a course shall, in the judgment of the Custodian Committee, be deemed necessary, it is hereby

*Approved by the Illinois Commerce Commission June 29, 1933.

empowered to impose upon such proprietors or managers the duty of preserving the identity of all grain thereafter unloaded into such private elevators, or other buildings, or places of private ownership; or, in lieu thereof, the adoption of such measure or measures as in the judgment of the Custodian Committee may be adequate to protect the parties for whose accounts the commodities aforesaid were unloaded.

*1240. The buyers of commodities sold and delivered as hereinbefore provided shall tender in payment certified checks whenever the party for whose account such commodities have been unloaded shall give reasonable notice of his intention to demand the same and the latter may retain in his possession the Custodian's certificate until such certified check is thus tendered.

*1241. It shall be the duty of the Custodian at such private elevator or other building or place of private ownership at the close of each day to seal the engine, shipping bins, or other bins, or to adopt any other measures which in the judgment of himself or the Custodian Committee are necessary to prevent the removal of grain or other commodities from such private e' vator, or other building, or place of private ownership during the absence of such Custodian.

*1242. All such commodities unloaded as aforesaid shall be held in such private elevator, or other building, or place of private ownership and shall not be released therefrom except in accordance with the Rules and Regulations of this Association governing the Custodian Department, but the Custodian, his assistants, or subordinates shall not be liable in their official bonds or otherwise for any losses unless such losses are directly attributable to the negligence or misfeasance of said Custodian, his assistants, or subordinates in issuing certificates for commodities not in fact unloaded or

*Approved by the Illinois Commerce Commission June 29, 1933.

in allowing, during the hours when such private elevator, or other building, or place of private ownership is open for business, such commodities to be loaded out without requiring the surrender of official certificates for the same, and nothing herein or any custom or private agreement to the contrary shall be construed to extend such liability; provided, however, that the Board of Trade of the City of Chicago shall in no case be liable for any losses except to the extent that such losses are due to its failure to keep in force a good and reasonable bond for the honesty and fidelity of said Custodian, his assistants, or subordinates.

OFFICIAL CERTIFICATE

—OF THE—

CUSTODIAN DEPARTMENT OF THE BOARD OF TRADE
OF THE CITY OF CHICAGO

No._____

CHICAGO, ILLINOIS, _____ 19____

I hereby certify that this day at _____
under the supervision of this Department _____
pounds of _____ were unloaded from _____
Car No. _____ which will not be loaded out except upon surrender of this receipt for cancellation as provided in the Rules and Regulations of the Board of Trade of the City of Chicago governing the Custodian Department.

_____

CHAPTER 28.

Regulations Relating to Non-Members Admitted to the Floor.

1370. No visitor shall be admitted to the Floor of the Exchange except by permission of the President or a member of the Floor Committee, except as provided in Regulation 1376.

1371. Annual courtesy cards to the Press may be issued or recalled by the President.

1373. No messenger shall be permitted to enter the Exchange Room without a badge.

1374. Messengers may perform no services other than to receive messages from their employers or members representing such employers, and shall then return to the position assigned them by the Floor Committee or leave the Floor.

1375. Messengers are not permitted to run in the Exchange Hall or in the corridors of the building and shall at all times maintain decorum.

*1376. There shall be no deviation from the above Regulations except that on application of a member, the Secretary may issue a pass to the guest of a member, who then shall be permitted to accompany the member on the Floor of the Exchange. No guest shall be admitted to the Floor more than six times within any thirty-day period.

1377. The Floor Committee may recall messengers' badges for cause, and may exclude from the Floor any non-member employee of any member.

‡1379. Temporarily, non-members may be permitted to serve on telephones in the Securities Room.

†1380. Members' Room.

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*Amended January 25, 1938.
‡Adopted June 3, 1930.
†Adopted January 25, 1938; Rescinded October 19, 1943.

CHAPTER 30.

Regulations Relating to Sampling of Grain.

1520. The Grain Sampling Department shall be under the supervision of the Grain Committee. The Grain Committee, subject to the approval of the Board, shall employ a Chief Grain Sampler who shall be required to furnish bond for the faithful performance of his duties.

1521. The Chief Sampler may employ such assistance as needed, when approved by the "Department of Grain Sampling and Seed Inspection," and the Department will fix the compensation for such assistance.

1522. The Department shall make monthly reports of all receipts and expenditures. All expenses must be approved by the Board.

1523. The charge for services rendered by this Department shall be uniform to all persons, firms, and corporations, and shall not be changed without proper notice being given of the proposed change, such notice to be posted in a conspicuous place in the Exchange Halls. This Department may charge a higher rate in special cases outside of the Chicago district, but in no case can it make any reduction from the established rates.

1524. Nothing in the foregoing Regulations shall prevent the buyer or seller, or his representative, from personally examining any car or cargo of grain bought or sold under the Rules and Regulations, but under no circumstances can a Board of Trade official certificate be given by the party thus examining; any unofficial party, or his employer, inspecting any car or cargo of grain shall not have the right of appeal to the Grain Committee, unless the grain has been loaded under the supervision of the Official Sampler of this Department.

*1525 (Effective October 15, 1941). The following is the schedule of charges that are to be paid to this Department:

Part I. RECEIPTS IN BULK

A Grain or seeds sold or warehoused on Chicago grades, except grain arriving in trucks, shall be resampled. The charge shall be—

(1) On carlot sales $1.00 per car, to be paid by the seller, 20c of which the seller shall collect from the buyer.

(2) On grain for warehousing, a charge of $1.00 per car shall be collected from the initial receiver or consignee. In case the commodity for warehousing is acquired by the warehouseman from a receiver, then the receiver shall collect from the warehouseman 20c per car of this $1.00 charge.

(3) On grain arriving by vessel or barge, when purchased or warehoused on Chicago grades, the charge shall be 35c per 1,000 bushels or part thereof, said charge to be collected from the initial receiver or consignee. In case vessel or barge grain is acquired by the warehouseman or buyer through a receiver, then the receiver shall collect from the warehouseman or buyer 15c per 1,000 bushels of this 35c charge.

(4) In the event of actual sampling of grain or seeds arriving in trucks the charge shall be 50c per truck, to be collected from the parties ordering such sampling.

B (1) On grain or seeds arriving and unloaded at Chicago elevators, from trucks whether or not sold or warehoused on Chicago grades or from barges or from vessels, not sold or warehoused on Chicago grades, the charge shall be 20c per 1,000 bushels or part thereof, without actually being sampled, to be paid by the buyer.

(2) On grain or seeds received in Chicago by buyers via rail from outside markets, not sold or warehoused on Chicago grades, the charge shall be 25c per car, to be paid by the buyer, without actually being sampled, but in the event such is actually sampled the regular carlot charge is to be paid by the buyer.

Part II. SHIPMENTS IN BULK (Effective January 2, 1942.)

A Members of the Association who ship from Chicago grain or seeds that have been sold or offered for sale on so-called trade names, or on warranties, specifications,

*Amended October 14, 1941; December 23, 1941; June 9, 1942.

or stipulations as to quality beyond such as are usually shown in the grain inspection certificates issued by the Division of Grain Inspection, Department of Agriculture, State of Illinois, in compliance with the United States Grain Standards Act, shall have such grain or seeds sampled by this Department and secure a proper Certificate of Approval from the Chief Sampler.

B Whenever this Department shall be called upon to sample grain or seeds, loaded from Chicago elevators for cross-town or outbound movement from Chicago, the following charges shall be collected by this Department from the parties ordering such sampling:

(1) Carlots, 75c per car;

(2) Vessel or barge lots, 35c per 1,000 bushels or part thereof;

(3) Truck lots, 50c per truck.

C On grain or seeds loaded from Chicago elevators on which no samples have been ordered and no actual sampling performed by this Department, the following charges shall be collected by this Department from the operators of the elevators from which such shipments have been made:

(1) Carlots, 15c per car;

(2) Vessel, barge or truck lots, 10c per 1,000 bushels or part thereof.

Part III. Receipts or Shipments in Bags

The fee for resampling grain or seeds in bags shall be $2.00 per car or $1.00 per 1,000 bushels or part thereof, in vessels or barges.

Part IV. (Effective January 2, 1942.)

The charge for sampling bulkhead cars shall be at the rate of one carlot charge for each bulkhead portion.

1526. In case the Official Sampler or any other party at interest, *i. e.*, the buyer or the seller, should thus complain to the State Department and fail to have his complaint properly or favorably considered by the State Department, it shall be the duty of the Sampling or Grain Committee to listen to his complaint, and, if it is in their judgment reasonable, the other parties at interest shall be notified and the matter taken up by the Grain Committee with the State Department—all parties at interest being given an opportunity of being present at such hearing.

1527. When grain is sold subject to the approval of the Official Sampler, either party to the transaction may appeal from the decision of the Official Sampler to the Grain Committee, and the judgment of the Grain Committee shall be final and binding upon all parties interested.

1528. The appeal shall be taken by written notice to the Secretary, accompanied by a fee of $5.00 per car, $10.00 per canal boat, or $50.00 per vessel. Such fee shall be equally divided between the members of the Committee who take part in the appeal. If the appeal is in favor of the party taking the appeal, he shall be reimbursed his costs by the other party. The Grain Committee may decide the appeal either by examination of the grain or by sample taken under their direction.

1529. Non-members may not submit samples of grain in the Exchange Hall in competition with samples submitted by members.

CHAPTER 32.

Regulations Relating to Solicitors and Customers' Men.

*1600. Definition and Duties.—A solicitor is any one whose principal duties are the solicitation, acceptance and servicing of business in commodities and securities that may be dealt in or listed on this exchange. Managers of members' branch offices receiving the quotations of this Association must be registered as approved solicitors. Solicitors may be members or non-members and unless employed "abroad" must give their entire time and service to one employer at a fixed salary, which shall be for a period of at least six consecutive months. After such six months' continuous period, salaries of approved solicitors may be advanced not oftener than every three months. The salary of a solicitor whose registration may be transferred to another member shall not be greater with his new employer and no advancement in said salary may be made until six months shall have elapsed. A solicitor may not be actively engaged in any other business. A member may not act as a solicitor if at the same time he is acting as a cash grain broker as defined in Regulation 1010. Nothing in this Regulation shall at any time be construed to prevent the employer discharging said solicitor, reducing said solicitor's salary or accepting said solicitor's resignation at any time said employer may elect, provided, however, that said employer must immediately notify the Membership Committee of such discharge or resignation.

†1600-A. New Registration of Solicitors.—The Membership Committee shall require all solicitors and branch office managers now registered with the Association to file a new

*Amended February 27, 1934; July 10, 1934; June 8, 1937.
†Adopted October 17, 1939.

registration application on the form prescribed by Regulation 1608.

1601. NON-MEMBER SOLICITORS. — Non-member solicitors may not be employed, until they are first approved by the Membership Committee, and shall be dismissed on order of the Membership Committee. The employer, however, may appeal to the Board from the action of the Committee.

†1601-A. SOLICITORS EXAMINATION.—After January 1, 1940, all new applicants for registration as solicitors shall be required to take a solicitor's examination, offered by the Membership Committee before being approved. The cost of such examination shall be one dollar and shall be borne by the applicant.

Solicitors now registered with the Association and new applicants before January 1, 1940 shall be asked to take the solicitors' examination, but shall not be required to do so.

1602. COMMISSION-PARTICIPATING SOLICITORS. — Members only may solicit from non-members consignments of grain to the Chicago District and receive for their services one-fourth of a cent per bushel on grain consigned as the result of their efforts. Such members shall be known as Commission-Participating Solicitors. A member desiring to act as a Commission-Participating Solicitor shall register his name with the Secretary and shall state for whom he proposes to solicit such business. He may not solicit such business for more than one principal at one time. Moreover, he shall not receive such compensation upon any consignment until the consignor first notifies the principal in writing that such consignment was made at his solicitation. Such solicitor may not receive compensations on business solicited from members, or from firms or corporations in which the solicitor has an interest.

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†Adopted October 17, 1939.

*1602-A. CASH GRAIN JOINT ACCOUNT ARRANGEMENTS.—A resident member actively engaged in the handling of cash grain on the Exchange Floor may not enter into a joint account with a member, or a firm or corporation registered under Rule 226, until such arrangement is first approved by the Membership Committee.

No joint account arrangement will be approved by the Committee unless the resident member is actively engaged in handling cash grain on the Exchange Floor, does not participate in commissions earned on members' business or on business in which he has a direct *financial* interest, and does not receive a salary for services rendered *or a rebate in any form or gratuity of any kind for such service.*

1603. SERVICES DISCONTINUED.—Where the services of a solicitor are discontinued, the employer shall immediately notify the Secretary of that fact.

1604. BIDS TO ARRIVE BY SOLICITORS.—Solicitors and managers of branch offices may not bid for grain to arrive except with the full knowledge and consent of their employers.

1605. EMPLOYERS RESPONSIBLE FOR SOLICITORS.—Employers, in all instances, shall be responsible for the acts of their solicitors and branch office managers.

1606. APPLICATION FOR NON-MEMBER SOLICITORS.—Where application is made for the appointment of a non-member solicitor, the name of the employer, as well as that of the solicitor, must be posted upon the bulletin board for ten days before action by the Membership Committee. Solicitors formerly connected with bucket shops must be approved by the Board.

1607. EMPLOYMENT OF SOLICITORS.—Any member who employs a solicitor contrary to the provisions of this Chapter, or any member who acts as solicitor contrary to the provisions of this Chapter, shall be guilty of an offense against the Association.

*Adopted February 15, 1928.

1608. APPLICATION FORM.—In connection with applications for the appointment of solicitors, a verified statement in the following form shall be filed with the Secretary and shall be accessible to members:

APPLICATION FOR APPOINTMENT AS SOLICITOR.

Form of statement to be observed in applications for the approval of Solicitors under the provisions of Chapter 32 of the Rules and Regulations of the Board of Trade of the City of Chicago.

FRED H. CLUTTON,
Secretary.

This Statement is to Be Executed and Sworn to by Applicant.

Name _____ Present Age _____

Present Address _____

Complete Previous Business History.

Dates Employed From—To	Employer	Address	Reason for Leaving

(File separate statement if above space is not sufficient)

Have you any other business connections?_____

_____

Will you receive remuneration from any other source?_____

_____

Will you be employed on a salary basis if approved?_____

_____

Are you a member of any commercial exchange?_____

_____

Have you at any time been connected directly or indirectly with a Bucket Shop?_____

Do you agree to have no other business connections without the approval of this Exchange?_____

_____

(Signature of Applicant)

STATE OF _____ }
_____ COUNTY } ss.

Subscribed and sworn to before me this _____ day of _____, A. D. 194__.

_____

Notary Public.

The undersigned has made a thorough investigation of the character and business qualifications of the proposed solicitor and assures the Committee that he is worthy of every confidence and the approval of the Committee.

_____

(Signature of Employer)

*1609. Foreign Agents and Solicitors.—Members are permitted to make their own arrangements with agents and solicitors whose place of business and customers are located outside the United States and Canada, providing, however, that no arrangement so made shall, under any circumstances, allow a commission of less than three-eighths of a cent per bushel for non-members and one-quarter of a cent per bushel for members on transactions mentioned in Rule 231 (b). No member shall be permitted to make any arrangements with an individual, as a foreign solicitor or agent, who is a trader for his own account whereby such an arrangement results in giving to the agent a lower commission than he would otherwise enjoy.

†1610. Solicitors for Vessel Owners, Brokers or Agents.—A resident member whose sole occupation is the management of vessels and/or the conducting of a vessel agency or vessel brokerage business in the chartering of vessel space may employ outside of the Chicago District member or non-member solicitors on a basis of part-time or special services and may make his own arrangements with respect to the payment for such employment and services.

*Adopted September 2, 1930.
†Adopted December 12, 1933.

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CHAPTER 33.

‡Regulations Relating to Warehousing of Grain.

†1620. Prior to July first in each year, the Board shall receive applications from persons operating grain warehouses who desire to have such warehouses made regular for delivery of grain under the Rules and Regulations. The Board shall cause such warehouses to be inspected, and no such warehouse shall be declared regular unless it is conveniently approachable by vessels of ordinary draft and has customary shipping facilities. The storage rates on grain in bulk shall not exceed 1¼ cents per bushel for the first ten days or part thereof (which shall include the cost of loading in and out of the warehouse), and 1/20th of a cent per bushel for each additional day during which the grain remains in good condition.

1621. No warehouse shall be declared regular until the person operating the same files a bond with sufficient sureties in such sum and subject to such conditions as the Board may require.

*1621-A. Where the operator of a grain warehouse is a subsidiary corporation, the receipts of which are regular for delivery upon the Exchange, the parent corporation shall guarantee, in the form and manner suitable to the Directors of the Board, performance by the subsidiary corporation operating said warehouse for the storage of grain in conformance with the laws of the United States and in conformance with the Rules and Regulations of the Board of Trade of the City of Chicago, or in conformance with the laws of the State of Illinois and in conformance with the Rules and Regulations of the Board of Trade of the City of Chicago.

1622. Where a warehouse has been declared regular for a particular year, beginning and ending with the first day of

*Adopted June 15, 1937.
†See Regulation 1829 (Federal Warehouses).
‡See "Rulings."

July, but is not declared regular for the following year, receipts issued by such warehouse shall be regular for delivery for six months after such warehouse shall have ceased to be regular.

1623. Any regular warehouse may be declared to be irregular by the Board at any time for violation of the laws of Illinois or the Rules or Regulations of the Association.

1624. The proprietors or managers of such warehouses shall be in unquestioned good financial standing and credit.

1625. Such warehouses shall be connected by railroad tracks with one or more of the eastern railway lines.

1626. They shall be provided with modern improvements and appliances for the convenient and expeditious receiving, handling, and shipping of grain in bulk.

1627. The proprietors or managers shall honestly and cordially co-operate with the system of registration of warehouse receipts as established by law, and furnish to the Registrar all needed information to enable him to keep a correct record and account of all grain, together with the grades thereof, received and delivered by them daily and of that remaining in store at close of each week.

*1628. The proprietors or managers of such warehouses shall promptly, by the proper publication, advise the trade and the public of any damage to grain or flaxseed held in store by them, whenever such damage shall occur to an extent that will render them unwilling to purchase and withdraw from store, at their own cost, all such damaged grain.

1629. Any important change in the conditions of any warehouse, or disregard or evasions of the above requirements, shall at any time be a sufficient cause for declaring any such warehouse no longer a regular warehouse.

1631. In the delivery of grain from elevator or warehouse, the quantity of gross grain covered by the warehouse receipt

*See Rule 297.

shall be delivered, and any excess or deficiency between the quantity of net grain so delivered and the quantity of net grain covered by the warehouse receipt shall be paid for to or by (as the case may be) the elevator or warehouse proprietor or manager at the average market price on the day of delivery; the buyer to pay storage on the net weight covered by warehouse receipt. In the event that in final outturn there is a shortage in the gross quantity called for in the receipt the net quantity of grain required by the receipt shall be the factor in settlement, and any variation therefrom in the net amount of grain delivered against the receipt shall be paid for by the elevator or warehouse proprietor or manager to the owner of the receipt at market price on day of delivery.

1632. The proprietors or managers of such warehouses shall accord every facility to any duly authorized committee, for the examination of their books and records, for the purpose of ascertaining the stocks of all kinds of grain which may be on hand at any time. Such examination and verification shall be made at least twice each year, by the Warehouse Committee or any other duly authorized committee to be appointed by the President, which committee shall have authority to employ experts to determine the quantity of grain in the elevators and to compare the books and records of the said regular warehouses with the records of the State Grain Warehouse Registrar.

1633. No warehouse shall become or remain regular which, voluntarily or by the acts of its officers, agents, or managers, shall have theretofore qualified, or shall thereafter qualify, in any way upon or with any other Exchange with a view to, or for the purpose of, making the receipts of such warehouse regular for delivery upon such Exchange, or upon contracts entered into upon or under the rules of any other Exchange.

1634. The proprietors or managers of warehouses that are declared regular warehouses for the storage of grain are required to have all grain received in and shipped out of such

warehouses weighed by the Official Board of Trade Weighmaster.

1635. Where application is made to list as regular a warehouse which is not regular at the time of such application, all grain contained therein shall be removed from the warehouse and inspected and graded, after which such grain may be returned to the warehouse and receipts issued therefor.

*1636. TRANSIT BILLING.—The operators or managers of warehouses declared regular for delivery of grain on future contracts are required to furnish live transit billing to holders of warehouse receipts when such grain has been loaded out for shipment by rail.

REGULATION 1636 AMENDED.

On August 1, 1944, the Directors amended Regulation 1636 by inserting between the first and second paragraphs of the Regulation the following:

**Furthermore, if the owner of a warehouse receipt or his duly authorized agent wishes to determine, before ordering grain loaded, the billing he will receive, he shall advise the operator or manager of the warehouse of the amount of grain involved, and the operator or manager of the warehouse must immediately give the owner or his duly authorized agent full and exact information as to the billing that will be furnished. If the owner of the receipt or his agent orders the grain loaded within three (3) days thereafter, it shall be the duty of the operator or manager of the warehouse to furnish this identical billing. The foregoing does not relieve the operators or managers of warehouses from full compliance with the other provisions of this regulation.

For the purpose of this Regulation, live transit billing shall mean any and all such documents registered with the Central

*Adopted May 5, 1936; amended February 23, 1938 and August 1, 1944.
**This paragraph added August 1, 1944.

Inspection and Weighing Bureau, and are valid for transit purposes and entitle the shipper to the proportional or re-shipping rate from Chicago to eastern trunk line territory.

All in-bound freight bills temporarily surrendered by the owner, warehouse operator or manager to shippers shall be returned to the owner, operator or manager, and all equities in such bills shall accrue to the owner, operator or manager, and all penalties on such bills shall be assumed by the owner, operator or manager.

For the further purpose of this Regulation, all equities are defined as meaning such amounts between the local rates and the proportionals as have been paid on in-coming grain up to Chicago, and further, a holder of warehouse receipts, if he so elects, shall, by returning to the warehouseman such equity against tonnage shipped, be furnished with freight bills endorsed to his order, and, further, on Milwaukee, Wisconsin and Pennsylvania Railroad billing, or similar billing, when furnished against shipments going to eastern trunk line territory, due to the peculiar rating features, the shipper shall return to the warehouseman the difference between the regular proportional or re-shipping rate beyond Chicago and the lower rate established through the use of such billing on tonnage shipped.

†Any and all differences arising from the furnishing of billing to those loading out grain for rail shipment from such regular warehouses shall be referred to a special committee consisting of the chairman of, or in his stead one of the members of, each of the following committees: Transportation, Warehouse, To Arrive Grain, Executive, and a fifth member to be appointed by the President from the membership at large.

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†Amended February 23, 1933.

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CHAPTER 34.

Regulations Relating to Weighing of Grain.

1650. Received or transferred grain shall not be cleaned or blown before weighing, nor shall it be subjected to such handling as will cause loss in weight. This prohibition shall also apply to shipments after weighing.

1651. No dockage from actual weights shall be allowed on in-coming or out-going grain, except when unusual dirt or foreign matter is inseparably mixed with the grain, in which case it shall be the duty of the Weighmaster or his deputy to determine the amount of unusual dirt or foreign matter, and to weigh the entire contents of the car. All allowances for unusual dirt or foreign matter shall appear on the face of certificate issued for such cars.

1652. All cars when unloaded must be thoroughly swept and cleaned, except in cases where cars contain foreign matter unsuitable for mixing with grain. Then it shall be the duty of the Weighmaster or his deputy to determine the amount of grain and foreign matter to be left in the car. This amount shall be stated on the certificate of weights for each car, but such amount shall not be included in the net weight as shown by certificate.

1653. If hopper scales are used in determining the amount of grain a car contains, it shall be the duty of the elevator operators unloading such car to deliver to the scales the entire contents of said car, except where cars contain unusual dirt or foreign matter not covered by Regulation 1652, because not suitable for handling by elevator.

It shall be the additional duty of said elevator operator to clean thoroughly the unloading pits and the floor adjacent to such pits of any of the contents of said car that may have lodged there and deliver such contents to the scale to be weighed and credited to said car.

1654. The contents of each car shall be weighed in as few drafts as the scale in use will permit.

1655. The Weighmaster and his deputies shall be allowed to handle the scale beam in the performance of their duties.

1656. Certificates of weight shall bear the date of weighing, and, when issued for cars that have been loaded with grain which, for any reason, are subsequently returned to the loading elevator and wholly or partly unloaded, shall promptly be returned to the Weighing Department by the member, firm, or corporation receiving such certificates.

1657. No certificates of weights shall be issued on grain unloaded or transferred en route unless they are applied for within a reasonable time after cars are weighed and before they have had time to arrive at their destination.

1658. A straight transfer must consist of the transferring of grain from one car to another without its identity being lost. If transferred through an elevator, the grain must go direct from the western or unloaded car to the scale and from the scale direct to the eastern or car to be loaded without going into or through any house bins.

1659. All cars that are to be loaded with grain shall be in a suitable condition to carry such grain safely. In case cars are loaded that, in the judgment of the Weighmaster or his deputies, are not in proper condition to carry grain safely, the parties loading such cars shall at once be notified, and a statement of the condition of the cars shall appear on the face of the certificates of weight issued for such cars.

1660. The Weighmaster in regulating the details of his office and the service of employees may, with the consent of the Weighing Committee, make such regulations as may be requisite or desirable in order to secure correct weights.

1661. Any member, firm, or corporation of this Association receiving weight certificates not belonging to them shall return promptly such certificates to the Weighing Department, in order to facilitate delivery to the rightful owner.

CHAPTER 36.

Regulations Relating to Business Conduct Committee.

*1780. Each member, registered partnership, or registered corporation desiring to carry margin accounts of any kind for customers, or to transact business involving the purchase and sale of cash commodities for customers, must notify the Business Conduct Committee in writing, and submit to the Committee for its approval a financial statement in such form as shall be prescribed by the Committee.

*1781. Each member, registered partnership, or registered corporation whose customers' accounts are carried on the books of another member, registered partnership, or registered corporation in the names of the customers, must notify the Business Conduct Committee in writing of this arrangement.

*1782. Each member, registered partnership, or registered corporation carrying margin accounts for customers or transacting business involving the purchase and sale of cash commodities for customers shall furnish to the Business Conduct Committee, at such times as the Committee may designate, an answer to a financial questionnaire in such form as the Committee may prescribe.

*1783. The Business Conduct Committee may require any member, registered partnership, or registered corporation carrying margin accounts for customers or transacting business involving the purchase and sale of cash commodities for customers, to cause to be made as of the date of an answer to a financial questionnaire, an audit of his or its assets, liabilities, accounts and affairs, including securities held for safekeeping, in accordance with such audit requirements as may be prescribed by said Committee, and to file with said Committee a statement to the effect that such an audit has been

*Effective May 22, 1941.

made and that the answers to the questionnaire are in accord therewith.

Such statement shall in the case of any such member of the Association not a partner of a registered partnership nor an officer of a registered corporation, be signed by such member. In the case of a registered partnership, such statement shall be signed by each general partner of the partnership. In the case of a registered corporation, such statement shall be signed by at least two of the active executive officers of the corporation and each member of the Association whose membership is registered on behalf of the corporation.

The signature of one or more of the partners of such partnership, and officers of such corporation, may be waived by said Committee at the discretion of said Committee.

Such above statement shall in all cases be attested to by the auditors and a copy of the report of the audit signed by the auditors shall be retained as part of the books and records of the member, registered partnership, or registered corporation.

*1784. Each member, registered partnership, or registered corporation, not carrying margin accounts for customers, shall at least once a year and whenever called upon to do so by the Business Conduct Committee, report to said Committee, whether such member, registered partnership, or registered corporation holds securities for safekeeping. Each such member, registered partnership, or registered corporation holding securities for safekeeping, shall, at least once in each year file with the Committee a statement that all securities held for safekeeping have been checked and found to be intact, which statement shall show in what manner the verification of the securities has been made, the date thereof, and the location of such securities. This regulation shall not apply to banks and trust companies which are supervised and examined by State or Federal authority having supervision over banking institutions.

*Effective May 22, 1941.

*1785. Each corporation registered in accordance with the provisions of Regulations 1060 and 1061, which does not carry margin accounts for customers, or transact business involving the purchase and sale of cash commodities for customers, shall file with the Business Conduct Committee a detailed financial statement as of the end of its fiscal year, in such form as the Committee may prescribe. Similar statements may be required at any time during the year.

*1786. Each registered corporation must keep on file with the Business Conduct Committee a copy of its by-laws or resolutions of its directors, attested to by the secretary of the corporation, showing the authority of its designated officers to transact business on the exchange for or on behalf of the corporation.

†1787. INTERPRETING RULE 210.—Clearing members shall report to the Business Conduct Committee, at such times and in such form and manner as the Committee may prescribe, the names of and the amounts of indebtedness of non-clearing members who must secure the approval of the Committee for permission to trade by reason of indebtedness arising out of transactions executed after March 1, 1943.

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*Effective May 22, 1941.
†Adopted February 23, 1943.

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CHAPTER 37.

Miscellaneous Regulations.

1801. Crop Reports and Reporters.—Members are prohibited from employing crop reporters unless such crop reporters are first registered with and approved by the Market Report Committee. Members shall be held responsible for the reports disseminated by crop reporters in their employ.

1802. Foreign Crop Reports.—When a member, employing a crop reporter, receives from the reporter a statement concerning foreign crop conditions to which publicity is given, the member shall file immediately a verbatim copy of the report in the office of the Secretary.

*1804-A. Hours for Delivery of Grain and Provisions Through the Clearing House.—Notice of delivery of grain and provisions and memorandum of sales must be delivered to the Clearing House before 1:45 P. M. on the business day preceding the day of delivery, except on Saturdays when such notice must be delivered before 12:30 P. M. The Clearing House shall pass such notice to buyers who must take delivery and make payment before 2:00 P. M., of the business day following.

1805. Delivery Notices.—Delivery notices under Rule 285 shall be in the following form:

*Adopted October 15, 1935; amended November 17, 1936; amended October 14, 1937; amended July 26, 1938; amended October 23, 1940; to be effective after November 30, 1940.

This notice is deliverable on grain contracts in accordance with the Rules of the Board of Trade of the City of Chicago.

No. .....

DELIVERY NOTICE
OFFICE OF

.....

.....

Chicago..... 19....

.....

We have on hand ready for delivery the following described Warehouse Receipts, or B/L receipts for carlots, and hereby make tender to you of the same, in fulfillment of contract of sale to you of..... BUSHELS CONTRACT ..... at .....

Date Warehouse receipt or Inspection	Warehouse in or ordered to	No. of Warehouse receipt or car	Initial	Railroad	Date ordered	Grade	Quantity		Storage Rate	Amount
							Bu.	Lbs.		

E. & O. E.

.....

Per.....

1806. MARKET INFORMATION. — In disseminating market information, members may not refer, either directly or by code, to any definite quantities as having been bought or sold. This, however, shall not include information relative to deliveries based on substantial facts. Members who give information as to the names of buyers or sellers must take the responsibility for the accuracy of their statements. Where purchases or sales are made by a commission merchant, the name of the commission merchant, and not that of his customer, shall be given.

*1807. SALE AND TRANSFER OF MEMBERSHIP PRIVILEGES.—A member or his legal representative desiring to sell his membership privilege shall notify the Secretary that his privilege is for sale at a specified price and shall sign an authorization to transfer. An individual who desires to purchase a mem-

*Amended June 1, 1937.

bership privilege shall notify the Secretary and, when an agreement with the seller shall have been made, shall sign a confirmation of purchase and deposit with the Secretary the transfer fee (as provided in Rule 111) and fifty per cent of the purchase price of the membership. Thereupon notice of the proposed transfer shall be posted on the bulletin board for ten days. After the purchaser is approved by the Board, the sale shall be consummated, in accordance with the terms of the sale agreement, and the balance of the agreed purchase price must be paid. If the buyer is not elected to membership privilege or if he withdraws his application at the request of the Membership Committee, the sale agreement shall be revoked and the deposit or deposits made by the buyer shall be returned to him. If, however, for other reasons, the purchaser withdraws his application before his approval by the Board, the deposit which he has made may be used in part or whole to reimburse the seller for any loss he may have sustained in the prompt resale of his membership privilege. The proceeds of the sale shall be applied in accordance with Rule 112.

*AUTHORIZATION TO TRANSFER.

.....19.....

Mr. Fred H. Clutton, Secretary,
BOARD OF TRADE OF THE CITY OF CHICAGO:

I hereby authorize you to transfer my membership privilege on the Board of Trade of the City of Chicago to....., subject to his election to membership, upon receipt from him of $....., it being understood that I pay all assessments up to the end of the quarter in which my membership is sold, and that the purchaser pays the transfer fee.

.....

Signed in the presence of

....."

CONFIRMATION OF PURCHASE.

.....19.....

MR. .....

I hereby confirm my purchase of your membership privilege on the Board of Trade of the City of Chicago, in accordance with Regulation 1807 for the sum of $....., subject to my election to membership, it being understood that I pay to the Board of Trade of the City of Chicago the transfer fee of $.....

.....

Signed in the presence of

.....

*Amended December 12, 1939. Amended January 2, 1941.

1808. MEMBERSHIP IN BOARD OF TRADE GRATUITY FUND.—Every person under the age of fifty-five, who becomes a member of the Association after the passage of this Regulation, shall be required to make application for membership in the Board of Trade Gratuity Fund. Any member of the Association, hereafter becoming a member of said Gratuity Fund, shall be required to pay the assessments provided for in its By-Laws, when such By-Laws have been approved by the Board. The Gratuity Fund shall be entitled to a claim against the Board of Trade membership of any person hereafter becoming a member of said Gratuity Fund, who does not pay his assessments in accordance with its By-Laws. Such claim may be filed and become effective as provided for in Rules 112 and 113. Any member of this Association who hereafter becomes a member of the Gratuity Fund, who neglects to pay an assessment provided thereby, within thirty days after such assessment has been called for payment, shall be suspended from the Association until such assessment is paid. A member of the Association who hereafter becomes a member of the Gratuity Fund and neglects to pay any such assessment during the entire fiscal year (beginning and ending with the day of the regular election of this Association), may be expelled by the Board.

*1809. CONSTRUCTION OF RULE 231.—On all transactions where the purchase or sale of cash grain and provisions is made contingent upon the price ruling for future delivery and where the purchase or sale of future delivery is accomplished by delivery of the future at any time during the same session, fixing by such transaction the value of the cash grain or provisions so bought or sold, it shall be construed that the purchase or sale of the future delivery shall be a part of the cash transaction. Should the purchase or sale of grain or provisions for future delivery upon which the cash transaction is based be held subject to the convenience or subject to the orders of the parties with whom such transaction is made, then all such business for future delivery shall be subject to the regular rates of commission as prescribed in Rule 231.

*See "Rulings."

Where such a sale of cash grain or provisions is made after the close of the market and where the future is furnished before 11:00 A. M. on the following day, it will be construed as being at once accomplished.

*1809-A. Transfer trades, or office trades, are defined and limited to trades made upon the books of a commission merchant for the purpose of (a) transferring existing trades from one account to another within the same office where no change in ownership is involved, or, (b) transferring existing trades from the office of one commission merchant to the office of another commission merchant where no change in ownership is involved, provided that no such transfer shall be made after receipt from the Clearing House of notice of intention to deliver on such trades when such transfer is apparently made for the purpose of evading and avoiding delivery on such trades, or, (c) executing future trades in connection with cash commodity transactions or of futures for cash commodities, or, (d) to establish the price of cash commodities.

Trades made in the exchange of futures in connection with cash commodity transactions or of futures for cash commodities may be made at such prices as are mutually agreed upon by the two parties to the transaction.

All transfer trades made between the offices of two commission merchants and all office trades made in connection with cash commodity transactions or of futures for cash commodities must be cleared through the Clearing House in the regular manner.

Transfer trades from the office of one commission merchant to the office of another commission merchant must be done at commission rates prescribed in Rule 231, unless such transfers are made at the request of the transferring commission merchant or are made necessary by reason of removal or withdrawal of ordinary facilities for transacting business by the transferring commission merchant.

*Adopted July 20, 1937; December 30, 1941. See "Rulings."

Office trades made in connection with cash commodity transactions or of futures for cash commodities shall bear the commission charges as prescribed in Rule 231 as interpreted by Regulation 1809.

***1809-B. Transfer of Trades When a Member Closes an Office.—When a member commission merchant goes out of business, or closes one or more offices, or withdraws ordinary facilities for transacting business from one or more offices:**

1. **The customers of such offices may transfer their open trades to any other commission merchant without paying a commission for such transfer. (See Regulation 1809-A.)**

2. **The commission house receiving such transferred account will collect the full commission when each open trade is closed.**

   (a) If the transferred account is that of a non-member, the house taking it may pay to the transferring house the difference between the member and the non-member commission. (It should be noted that this payment is permissive and not compulsory.)

   (b) If the transferred account is that of a member, the house taking it must retain all of the member's rate of commission.

3. **If the member commission house which is closing its office is not clearing its open trades but is carrying such trades with a Clearing Member in the form of an omnibus account, the commission house closing its office must pay to such Clearing Member the usual members' rates of commission on all trades transferred out of the omnibus account whenever a P & S is rendered. This commission charge is required even though a customer of**

*Adopted March 8, 1944.

the commission house closing its office orders his open trades transferred to the Clearing Member which is carrying the omnibus account.

1810. BONDING OF EMPLOYEES.—The Secretary and Assistant Secretary shall be placed under bond of $50,000, each, premiums to be paid out of the general funds of the Association; and such other employees of the Office of the Secretary, who handle funds of the Association, shall be bonded in the sum of $5,000, each, premiums to be paid out of the general funds of the Association.

1811. FAILURE TO CHECK TRADES.—If any member, firm, or corporation is unable with diligent effort to check any future delivery transaction made with another member, firm, or corporation, then such transaction shall be closed out for the account of whom it may concern by the member, firm, or corporation claiming the contract not later than the close of trading hours of the next business day in order to establish any claim for loss because of such failure to check by the other party to the contract.

1812. GRATUITIES.—No member of the Association shall employ any employee of the Association or of the Clearing House, for any service outside the hours of regular employment by the Association or such corporation, without having first obtained the approval therefor of the Secretary or of said Clearing House, as the case may be, and registering therewith the name of said employee, the nature of the services rendered, and the amount of said compensation.

No member shall give any compensation or gratuity to an employee of the Association or to an employee of another member of the Association unless the giving of such compensation or gratuity be first submitted in writing to the Secretary and approved. No member shall give any compensation or gratuity to an employee of the Clearing House un-

less the giving of such compensation or gratuity be first submitted in writing to the Clearing House and approved.

Employees of the Association are forbidden to accept any compensation or gratuity from any member of the Association for any service rendered or to be rendered except when said compensation or gratuity has been approved by the Secretary.

†1815. INSOLVENCY.—When the Business Conduct Committee, from any preliminary investigations or otherwise, has reason to suspect that any member of the Association is threatened with insolvency, it shall co-operate with such member, in any feasible manner not contrary to the Rules and Regulations of the Association, to save such member from open and judicial bankruptcy. When this is not practicable, the Committee shall then take such other action as will in its judgment assist in securing a prompt, efficient, and economic administration of the member's assets for the bankrupt, as well as for the members of the Association and customers of such bankrupt, who are creditors. Nothing herein, however, shall authorize such Committee to bind the Association to any pecuniary obligation.

‡1816. VERBAL CHECKING OF TRADES.—It is required that the buyer and seller of securities or commodities verbally reconcile such transactions, this reconcilement to be completed within fifteen minutes after each transaction.

*1817. PROFESSIONAL COUNSEL.—Any member who persistently solicits the right to represent other members as counsel in any investigation or hearing before the Board or any standing or special committee, or any licensed attorney who acquires membership for the purpose of representing

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†Amended November 17, 1936.
‡Adopted October 1, 1929.
*Adopted February 14, 1933

any member in any such investigation, shall be regarded as professional counsel under Rule 160.

§1819. NON-MEMBER'S ACCOUNTS.—A non-clearing member may receive from a clearing member half of the commissions paid by a non-member to the clearing member for the execution of such orders as are turned over to the clearing member by the non-clearing member under the provisions of Rule 222 only when the non-clearing member and the clearing member jointly notify the Secretary in writing that such an arrangement has been entered into and is mutually satisfactory.

*1820-A. DISCRETIONARY ACCOUNTS AND JOINT ACCOUNTS.—It shall be deemed unbusinesslike, detrimental to the welfare of the Association, and inconsistent with just and equitable principles of trade under Rules 145 and 146 for any member, registered partnership, or registered corporation—

1. To accept or carry an account where the person or organization in whose name the account is held is known to be acting for and on behalf of others unless such person or organization is registered with the Secretary of Agriculture as a futures commission merchant;

2. To accept or carry the account of a person, who has given trading authority to an individual or organization, without obtaining two copies of the following letter signed by the person in whose name the account is held—(one copy to be mailed to the Market Report Committee; the other copy to be retained in the files of the member);

3. To accept or carry a joint account without obtaining two copies of the following letter signed by each party to the agreement—(one copy to be mailed to the Market Report Committee; the other copy to be retained in the files of the member):

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§Adopted May 16, 1933.

*Adopted June 21, 1938. Amended September 20, 1938. See Rule 151. (Regulation 1820 Discretionary Accounts rescinded June 21, 1938.)

_____
Name of Member Carrying Account

_____
Address

_____(Date)

Gentlemen:

I understand that an employee of a member of the Chicago Board of Trade is not permitted to accept discretionary orders to be executed on that exchange.

I further understand that the Chicago Board of Trade has no jurisdiction over a non-member who is not employed by one of its members, and that if I give to such non-member (individual or organization) authority to exercise any of my rights over my account, I do so at my own risk.

However, I have carefully examined the provisions of the power of attorney or trading authority which I have issued to

_____ _____
Name Address

or joint account agreement which I have entered into with

_____ _____
Name Address

and understand fully the obligations which I have assumed by this action.

I have thoroughly investigated the honesty and integrity of the individual or organization named above.

I understand that your firm is in no way responsible for any loss to me occasioned by the acts of the individual or organization named above and that your firm does not, by implication or otherwise, endorse the operating methods of such individual or organization.

_____
Signature of Customer.

4. To accept or carry an account under the provisions of this regulation unless the member

(a) requires that each transaction made for such account be specifically designated as such at the time the order is accepted; and

(b) sends *direct to the customer* a written confirmation of each trade as provided in Rule 207; and

(c) refuses to hold open any transactions in the ac-

count which can be closed by making up an account purchase and sale; and

(d) sends *direct to the customer* a monthly statement showing the exact position of the account, including all open trades figured to the market.

The letter from the customer prescribed by this regulation need not be obtained when both parties referred to in either section 2 or 3 are members of the same family, or when the account is handled directly at the discretion of a member, or a partner of a registered firm, or an officer of a registered corporation.

The provisions of this regulation relate only to transactions executed on this Exchange.

*1821.—Margin Requirements on Cotton.—

1. Initial margins required from all customers on cotton futures transactions (except on hedging and spreading transactions) shall be the Clearing House requirements as a minimum.

2. On hedging and spreading transactions, a member may extend to any one customer credits up to $2.50 a bale but not in excess of $5,000. Such credits shall be revocable by the member at any time. For the purpose of this paragraph, spreading transactions are defined to mean purchases of futures in one market or delivery month offset simultaneously by sales in similar amounts of futures in the same or in another market or delivery month and, conversely, sales of futures in one market or delivery month offset simultaneously by purchases in similar amounts of futures in the same or in another market or delivery month. Hedging transactions are defined in Paragraph 3 of Section 4(a) of the Commodity Exchange Act.

3. A clearing member may carry cotton futures contracts for a member correspondent without initial margins—but only to the extent that such contracts are those of customers of the member correspondent. This exemption does not apply to contracts of the member correspondent, its partners or officers.

*Adopted December 14, 1937; effective January 1, 1938; amended September 20, 1939.

4. A clearing member may carry a net position of not more than 250 bales without margin for a non-clearing member, who operates under Section (e) and (f) of Rule 221 and who gives all his cotton trades to one clearing member.

5. The Provisions of Sections 2, 3, 4, 5, 6, 7 and 8 of Regulation 1822 also apply to cotton futures transactions.

†1822.—MARGIN REQUIREMENTS ON GRAIN AND PROVISIONS.—

**1. Initial margins required from all customers, whether members or non-members, on all open trades in provisions shall be the minimum margin requirements of the Clearing House, provided, however, in order to facilitate business and minimize the labor of calling margins, members may, in their discretion, carry for any one customer an open interest not in excess of 20 contracts of provisions, provided that this open interest is kept to the market at all times. All amounts in excess of the above mentioned quantities of provisions must be margined upon the basis of the prevailing Clearing House requirements as a minimum.

2. Clearing members may carry contracts for future delivery of grain for member correspondents on the basis of Clearing House margin requirements—but only to the extent that such contracts are those of customers of the member correspondents.

3. If stocks, bonds or similar collateral are deposited specifically to secure commodity transactions which are executed on this Exchange, not more than 75 per cent of the market value of such securities may be considered as margin to such transactions, provided, however, that when direct obligations of or obligations guaranteed as to principal by the United States are thus deposited, either the par or market value thereof (whichever is lower) may be considered as margin. Not less than the Chicago or New York bank rate of interest on collateral loans shall be charged on the dollar amount required under these rulings.

†Adopted June 5, 1934; amended June 19, 1934; amended July 10, 1934; amended July 17, 1934; amended October 30, 1934; amended December 18, 1934; amended April 16, 1935; amended October 15, 1935, September 20, 1939, February 25, 1941 and May 26, 1942.

**Amended December 14, 1937; effective January 1, 1938.

4. If foreign currencies are deposited with a member, the deposits must be calculated so that at the current rate of exchange the dollar equivalents of the foreign currencies properly meet the margins required by Rule 210 and Regulation 1822-A. Foreign currencies may be made available to members in the form of irrevocable clean credits.

5. Members are not permitted to pay to customers interest on minimum margins deposited under these rulings.

6. In computing minimum margin requirements for any customer, equities or impairment resulting from change in market prices shall be regarded as money equivalents.

7. No member shall extend any credit or give any rebate or gratuity of any kind to any person for the purpose of circumventing or evading minimum margin requirements.

8. It shall be incumbent upon each member to require satisfactory evidence that all hedging and spreading trades are bona fide spreading or hedging trades, as the case may be.

A letter from a customer stating that a particular transaction is a hedge or a spread will be considered "satisfactory evidence" under this ruling unless there is reason to suspect otherwise.

10. When a correspondent member's account with the Clearing House member consists of trades which are spreading trades, such account may be carried as a spreading account by the clearing member.

11. It shall be incumbent upon each member financing purchases of cash grain for country elevator customers to require satisfactory evidence that funds so loaned are not used to margin future contracts in grain.

12. Members shall not accept orders for new grain trades from a customer, unless the minimum initial margin on the new trades is deposited and unless the margin on old commitments in the account equals or exceeds the initial requirements on hedging and spreading trades and/or the maintenance requirements specified in Regulation 1822-A on all other trades. If the customer has a credit in excess of the initial margin requirements on all old commitments in his account, this may be used as part or all of the initial margins required

on new commitments. However, credits in excess of maintenance margins and less than initial margin requirements may not be used. When a customer states that funds required to fully margin his account are being transmitted at once, the member may consider this assurance in lieu of cash for a reasonable period.

13. No customer shall be permitted to make withdrawals from an account when the margin therein is less than the minimum initial margin specified in Regulation 1822-A, or when the withdrawals would impair such minimum requirements.

14. No member may carry for a customer hedging or spreading transactions in grain when the customer's account, figured to the market, would result in a deficit. Minimum maintenance margins required on other transactions in grain are specified in Regulation 1822-A. The failure of a member to close the customer's account before it results in such deficit or undermargined condition shall not relieve the customer of any liability to the member, nor shall such failure on the part of a member amount to an extension of credit to the customer if the member in the exercise of reasonable care has been unable to close the account without incurring such deficit or undermargined condition.

*15. A member may use his discretion in permitting a customer having an established account to trade during any day without margining each transaction, provided the net position resulting from the day's trading is margined as required by Rule 210 and Regulations 1822 and 1822-A.

**16. When a customer switches an open interest in the same grain from one future to another and the orders for the purchase and sale are placed simultaneously, no additional margins need be required by his commission merchant because of such switch. However, if such orders are not placed simultaneously, the new position should be margined on the basis of minimum initial margin requirements.

*Adopted October 8, 1940.
**Adopted March 8, 1944.

**1822-A.—Under the provisions of Rule 210 the Board hereby fixes the following minimum initial margins on grain futures transactions, other than hedging or spreading transactions:

25 cents per bushel on soybeans,
10 cents per bushel on wheat, rye and barley,
8 cents per bushel on corn,
6 cents per bushel on oats,

The Board further orders that margins on all commitments in grain futures (other than hedging or spreading transactions) shall be maintained at the following as a minimum:

16 cents per bushel on soybeans,
6 cents per bushel on wheat, rye and barley,
4 cents per bushel on corn,
3 cents per bushel on oats,

"On spreading transactions in the same grain on this Exchange, no initial margin is required. On spreading transactions between different grains on this Exchange and on inter-market spreading transactions, the minimum initial margin shall be

16 cents per bushel on soybeans,
6 cents per bushel on wheat and rye,
5 cents per bushel on barley,
4 cents per bushel on corn,
3 cents per bushel on oats,

On hedging transactions, the initial margin shall be the Clearing House requirements as a minimum."

‡1823. TRADING LIMITS.—(See Regulation 1823-A)

*1823-A. TRADING LIMITS.—In a patriotic compliance with the request of the Secretary of Agriculture, the Directors acting under the provisions of Rule 251 have ordered that beginning Saturday, November 8, 1941, and continuing until

**Adopted September 15, 1939; amended October 10, 1939; February 25, 1941; May 15, 1941; September 9, 1941.

‡Adopted October 15, 1935; amended August 31, 1936, September 22, 1936, and September 5 and 6, 1939; rescinded February 29, 1944.

*Adopted Nov. 8, 1941.

further notice the daily trading limits specified in Regulation 1823 are changed to read as follows:

Wheat, corn, oats, rye, and barley	5c per bushel
Soybeans	6c per bushel
Cotton	1c per pound
Lard	$1.00 per hundred lbs.
Dry Salt Meats	$1.00 per hundred lbs.

‡1825. CONSTRUCTION OF RULES 211 AND 212.—A customer's wholly owned securities and/or excess collateral (securities in excess of the approximate amount required to enable the member carrying the account to finance it) must be segregated in a manner which clearly identifies their ownership. The member carrying the account shall keep a record of the location of such segregated securities and the means by which their ownership may be identified. When such securities are in the custody of another broker, the member carrying the account shall keep such other broker fully informed at all times as to the specific securities to be segregated. This regulation applies to both odd lots and round lots.

**1826. HOURS FOR TRADING IN COTTON AND SECURITIES.—The hours for trading for future delivery in cotton and for trading in securities shall be from 9 A. M. to 2 P. M. except on Saturdays when the hours shall be from 9 A. M. to 11 A. M.

††1828. THE GRAIN FUTURES ACT (U. S. C. 1934 edition, Title 7, Secs. 1-17) as amended by the act of June 15, 1936 (Public. No. 675, 74th Congress) may be cited as the Commodity Exchange Act and Rule 603 shall be so read.

†1829. In compliance with Section 5a, sub-paragraph (7) of the Commodity Exchange Act, receipts for grain stored in the following grain elevators licensed under the United States Warehouse Act of August 11, 1916, as amended will be deliverable in satisfaction of futures contracts:

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‡Adopted September 13, 1938.

**Adopted September 1, 1936; amended November 10, 1936. See Rule 505.

††Adopted September 8, 1936.

†Adopted September 9, 1936; amended July 13, 1937; amended September 6, 1938; July 11, 1939; August 1, 1939; amended March 26, 1940; Amended August 12, 1941; Amended October 6, 1942.

Wabash Elevator operated by Norris Grain Company, Chicago & Northwestern Terminal Elevator & Annex operated by Cargill, Inc., Rock Island Terminal Elevators C and D operated by Continental Grain Co., National Elevator, operated by Great Lakes Elevator Corporation, Calumet Elevator operated by Rosenbaum Brothers, Inc., Santa Fe Elevator operated by Santa Fe Elevator Corporation, and Rialto Elevator operated by General Mills, Inc. Star Grain Division.

*1830 and 1831 (Old and new corn contracts in 1937).

†1832. FINAL SEVEN DAYS OF DELIVERY MONTH.

WHEREAS, the Board of Trade of the City of Chicago is a contract market licensed under the Commodity Exchange Act; and

WHEREAS, under Rule 603 and Regulation 1828 members are required to comply with all lawful provisions of the Commodity Exchange Act and Regulations thereunder lawfully promulgated by the Secretary of Agriculture; and

WHEREAS, the Secretary of Agriculture on February 17, 1938, issued an order pursuant to the provisions of Section 5 (a) (4) of the Commodity Exchange Act requiring a period of seven business days during which contracts for future delivery in the current delivery month of wheat, corn, oats, barley, rye or flax seed may be settled by delivery of the actual cash commodity after trading in such contracts has ceased for each delivery month after May, 1938, on all contract markets on which there is a trading in futures in any of such commodities; and

WHEREAS, contracts for future delivery of such grain in July and September have been entered into; and

WHEREAS, under the present Rule 259a no trade in such grain futures deliverable in the current month shall be made during the last three business days of that month; and

WHEREAS, in view of said regulation of the Secretary of Agriculture, under Rule 251 an emergency exists as to such

*Adopted December 22, 1936. Rescinded February 29, 1944.
†Adopted February 23, 1938.

contracts as have already been entered into for future delivery of such grains during the delivery months following May 1938;

NOW, THEREFORE, BE IT RESOLVED, that after May 1938, no trades in such grain futures deliverable in the current month shall be made during the last seven business days of that month, and such contracts may be settled by delivery of the actual cash commodity after trading in such contracts has ceased, and if not previously delivered delivery must be made upon the last business day of the month; and

BE IT FURTHER RESOLVED that contracts for future delivery in the delivery months following May 1938, of wheat, corn, oats, barley, rye or flax seed heretofore entered into and hereafter entered into shall not be traded in during the last seven business days of said months, and Rule 259a shall after the delivery month of May 1938, be interpreted to conform to the regulation of the Secretary of Agriculture filed on February 17, 1938.

*1832-A. (Effective on all soy bean contracts for delivery after October, 1938).—No trades in soy bean futures deliverable in the current month shall be made during the last seven business days of that month and such contracts may be settled by delivery after trading in such contracts has ceased; and, if not previously delivered, delivery must be made upon the last business day of the month.

**1832-B.—No trades in Dry Salt Clear Belly Futures deliverable in the current month shall be made after the 20th day of the month. Trading for cash in the pit on 60 to 90-day Bellies which have been delivered may continue up to and including the last business day of the current month. Inspection certificate required by Rule 401 shall designate the number of days in which the Bellies have been in cure.

***1833. Interpreting Rule 221.—Trades which are opened and closed on the same day at the same price by a non-clearing member operating under Section (e) of Rule 221 may not

*Adopted March 15, 1938.
**Adopted December 6, 1939.
***Adopted June 7, 1938, effective July 1, 1938.

be transferred, and the minimum clearing rates which must be charged on such trades by the clearing member shall be 1 cent per 1,000 bushels of grain in lots of 5,000 bushels or more, 2 cents per 1,000 bushels of grain in lots of less than 5,000 bushels, 5 cents per lot of lard or meats and 5 cents per 50 bales of cotton.

†1834. CONSTRUCTION OF RULE 109.

††1835. MEMBER UNDER INVESTIGATION.—No member may sell his membership privilege, unless the approval of the Board is first secured, when he is under investigation by a special committee appointed under the provisions of Rule 156 or by the Business Conduct Committee; or when charges are preferred against him; or when he is under suspension for causes other than default, insolvency or non-payment of assessments.

*1836. Interpreting Rules 232(a) and 233.—When a member or non-member receives grain on delivery in satisfaction of a futures contract and orders his commission merchant or warehouseman to ship such grain to a destination outside the Chicago District, the charges shall be made as prescribed in these rules.

The commission chargeable on the futures contracts involved may be absorbed in charges prescribed in Rules 232(a) and 233.

No member shall knowingly become a party (either as principal or agent) to any arrangement that will permit the party taking delivery to evade these commission charges by selling the grain and repurchasing it for shipment.

**1837. TRADING IN LARD DURING THE DELIVERY MONTH.—No trades in lard futures deliverable in the current month shall be made during the last seven business days of that month, and such contracts may be settled by delivery after trading in such contracts has ceased and if not previously

†Adopted November 7, 1939; rescinded May 26, 1942.
††Adopted June 4, 1940.
*Adopted September 10, 1940.
**Adopted October 22, 1940 to become effective after November 30, 1940.

delivered, delivery must be made upon the last business day of the month.

†1838. RYE AND OATS DIFFERENTIALS (in 1941).

*1839. MARKETING PENALTIES.—Members, registered partnerships or registered corporations selling on the Floor of the Exchange carlots, barge loads, truck lots, vessel lots or lots covered by warehouse receipts of grain subject to marketing penalties, shall guarantee the buyer that such grain is free of liability for penalty payments and shall place upon the invoice a notation to this effect. Where car lots or warehouse receipts are tendered for delivery on future contracts for grain subject to marketing penalties the party making delivery shall guarantee the buyer that such grain is free of liability for penalty payments and shall place upon the delivery notice a notation to this effect."

‡1840. TRADING IN "OLD" AND "NEW" RYE CONTRACTS (1941).

‡1841 and 1842. SOY BEAN CONTRACTS, OCTOBER (1941).

**1843. FLOOR PRACTICES. (Effective August 1, 1942).—The following acts are detrimental to the welfare of the Association (Rule 145):

(a) for a member to disclose an order at any time, or to divulge, trade against, or take the other side of, for any purpose, any order revealed to him by reason of his relationship with the principal;

(b) to take into one's own account trades made on orders that have failed to check. Where a trade fails to check and the broker has reported it in good faith to the clearing member and the execution of the trade has been reported to the customer as having been consummated, the broker may make a trade openly and competitively in the pit, clearing it through the clearing member, and the clearing member shall notify the customer of the facts and confirm such trade, making a monetary adjustment to the customer for the account of the broker at the price at which it was reported by a debit or credit to the customer, provided that complete notation is made on the

†Adopted February 25, 1941; rescinded February 29, 1944.
*Adopted June 3, 1941; amended August 19, 1941.
‡Adopted June 5, 1941; rescinded February 29, 1944.
**Adopted July 21, 1942.

trading card covering the identity of the trade, and the transaction is approved by the Floor Practices Committee. The clearing member must promptly report the entire transaction to the Secretary's office, certifying that the broker's card is on file in the clearing member's office and that adjustment with the customer has been made;

(c) for a member to withhold from the open market any order or any part of an order for the convenience of another member;

(d) for a member to execute any order after the closing bell is sounded;

(e) to buy and sell as an accommodation at any time; to use one order to fill another order, or any part thereof; to buy and sell simultaneously at the same price by pre-arrangement; continuous trading between brokers acting for the same principal raises the presumption that such trading was not inadvertent;

(f) for a broker to buy for his own account when he has in hand orders to buy for others at the market or at the same price; for a broker to sell for his own account when the broker has in hand orders to sell for others at the market or at the same price;

(g) for parties to a transaction (and only such parties) to fail to see immediately that the pit recorder has made proper record of the price at which trades have been consummated.

†1844. Dues of Members in Military Service. In accordance with the authority granted the Board under the provisions of Rule 108-B no assessment of a member shall be remitted under Rule 108-B except under the following conditions:

1. Each petition for the benefits of Rule 108-B will be considered on its merits.

2. No petition will be considered unless accompanied with funds sufficient to pay all dues up to and including the full month in which the Board acts on the request.

3. No petition will be approved unless the petitioner became a member of the Association prior to December 8, 1941.

†Adopted October 27, 1942.

4. When a petition is granted the member is required to notify the Secretary promptly of the termination of his military service.

*1845. CONFIRMATIONS (Construction of Rule 207).—A confirmation of a commission merchant to the customer need not contain the name of the other party to the contract, provided the confirmation has prominently printed or stamped thereon the words, "Name of other party to contract furnished on request."

**1846.—TRADING IN COTTONSEED OIL SUSPENDED.—Inasmuch as the Office of Price Administration has placed two different maximum prices on contract grade cottonseed oil, depending upon its uses, and

Whereas the Directors have found that an emergency exists with respect to trading in contracts for cottonseed oil for future delivery,

Now therefore, the Directors, acting under the provisions of Rule 251 have ordered that until further notice, no contracts for the future delivery of cottonseed oil may be entered into under the Rules of this Exchange.

***1847. LARD DELIVERIES IN DECEMBER, 1942.

****1848 AND 1849. CEILING PRICES ON CORN.

†1850. LARD DELIVERIES IN JANUARY, 1943.

††1851. CEILING PRICES ON CORN. (See Regulation 1877-A)

†††1852. SOYBEAN TRADING SUSPENDED.—INASMUCH AS the Secretary of Agriculture under date of February 17, issued (C.C.C. Order No. 3) certain restrictions on soybean purchases under Executive Order No. 9280 (published Federal Register, Thursday, February 18, 1943, pp. 2143-4).

AND INASMUCH AS sub-paragraph (c) of said Order provides that "no person other than a processor, manufacturer or

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*Adopted October 27, 1942.
**Adopted November 24, 1942.
***Adopted December 8, 1942; rescinded February 29, 1944.
****Adopted January 12, 1943; rescinded February 3, 1943.
†Adopted January 12, 1943; rescinded February 29, 1944.
††Adopted February 2, 1943; rescinded March 13, 1943.
†††Adopted 9 A. M. on February 20, 1943.

seed dealer shall purchase or accept delivery of soybeans of the 1942 crop"

THEREFORE the Board has found that an emergency exists and under the provisions of Rule 251 orders, until further notice,

(1) that no new contracts in soybean futures shall be entered into, and

(2) all outstanding contracts in soybean futures at the close of business on Friday, February 19, 1943, shall be settled through the Clearing House on or before the close of business Wednesday, February 24, 1943 on the basis of the Clearing House settlement prices of Friday, February 19, 1943, namely:

Soybeans for delivery in May, 1943 ..... $1.82¼
Soybeans for delivery in July, 1943 ..... 1.84
Soybeans for delivery in October, 1943 ... 1.82½

*1853. CEILING PRICES ON CORN.

†1854. SETTLEMENT OF MAY, JULY AND SEPTEMBER CORN FUTURES CONTRACTS. — WHEREAS the Associate War Food Administrator has requested that the Board of Trade of the City of Chicago use all means to free the commercial stocks of corn now frozen.

AND WHEREAS the Associated War Food Administrator has suggested that all corn futures contracts outstanding on the last seven business days of the delivery months of May, July, and September 1943, be settled either by the delivery of corn or at a settlement price of $1.07,

AND WHEREAS an emergency exists, the Board of Directors, acting under the provisions of Rule 251 hereby orders, until further notice,

THAT all contracts in corn futures for delivery in May 1943, July 1943 or September 1943 which are outstanding and respectively mature during the last seven business days of each

*Adopted March 13, 1943; amended March 23, 1943; April 13, 1943 and June 1, 1943; rescinded December 4, 1943.

†Adopted May 18, 1943; rescinded February 27, 1945.

of these delivery months may be settled either by the delivery of corn or at the settlement price of $1.07 per bushel, and further orders,

THAT during the life of the May 1943, July 1943 or September 1943 corn futures contracts, hedgers who have sold futures against their stocks of corn may buy in their future contracts at prices not higher than $1.07 per bushel provided that they can find "longs" who are willing to sell futures in exchange for cash at this price level. Such transactions, when made, shall be reported on the ticker as "in exchange for cash corn."

*1855. LIQUIDATION OF CASH CORN HEDGED IN JULY AND SEPTEMBER 1943 FUTURES. — WHEREAS, the Associate War Food Administrator has telegraphed the President of this Association that Regulation 1854 adopted by the Board of Directors on May 18 has been helpful in securing liquidation of stocks of corn;

AND WHEREAS, the Associate War Food Administrator has telegraphed the President of this Association that he has information which indicates there is still a substantial volume of cash corn held by hedgers who have sold futures against their stocks of corn;

AND WHEREAS, the Associate War Food Administrator has requested that the Board of Trade of the City of Chicago take such means as its Board of Directors best determine will assist in prompt liquidation of said stocks of cash corn held by hedgers who as price insurance have sold future contracts against said stocks of cash corn;

AND WHEREAS, the Associate War Food Administrator has notified the Board of Directors that the following Regulation will, in his opinion, assist in further liquidation of stocks of cash corn, and that the following Regulation has been approved by the Office of Price Administration as not in conflict with Revised Maximum Price Regulations 346 (corn);

AND WHEREAS, the Board of Directors patriotically cooperates within its legal limitations with the War Food Admin-

*Effective June 14, 1943.

istration in its request to expediate the War Food Production Program;

AND WHEREAS, an emergency exists because of these circumstances, the Directors acting under the provisions of Rule 251, order, until further notice THAT

1. The owners of cash corn who have secured price hedging protection for their cash corn through the sale of July and/or September 1943 corn futures on this "contract market" may place with commission merchants orders to buy in such future contracts at prices not to exceed the maximum price of No. 2 yellow corn at Chicago ($1.07), *Provided* THAT

(a) they file with the commission merchant at the time such orders are placed a statement that they have sold or will immediately sell an equal quantity of corn from their stocks against the hedges on which they have placed orders to buy at $1.07, and THAT

(b) the commission merchant receiving such order shall transmit the order to the Floor of the Exchange for execution, marking the same "Purchase on Deferred Basis," and THAT

(c) when such order is received by the floor broker it may be executed with anyone who is willing to sell any part of the quantity of the futures so bid for at $1.07 on a deferred basis.

2. When executed, such order shall be cleared through the Clearing Corporation on separate clearing reports and adjustment shall be made by the Clearing Corporation to its clearing members at the close of business on the day the order is executed on the basis of $1.05 per bushel. The balance of the adjustment (between $1.05 and $1.07) shall be paid to or credited by the Clearing Corporation at once, and shall be adjusted by the Clearing Corporation to its clearing members for the account of their customers during the last seven business days of July or the last seven business days of September, 1943, and

3. All orders so executed shall be recorded on the ticker and by the commission merchant as "Deferred" in order to differentiate same from other orders that are executed on the Floor of the Exchange.

*1856. LIQUIDATION OF OUTSTANDING 1943 CORN FUTURES CONTRACTS.—WHEREAS the War Food Administrator has declared that an emergency now exists with respect to the shortage of corn and has requested that all contract markets terminate trading in the current futures contracts for the delivery of corn in 1943 and has requested that settlement of outstanding futures contracts so terminated be made on the basis of $1.07 per bushel for the July and September 1943 contracts, and on the basis of $1.01 per bushel for the December 1943 contracts as authorized by the Office of Price Administration,

AND WHEREAS, the War Food Administrator is requisitioning stocks of corn in terminal and sub-terminal elevators,

AND WHEREAS, an emergency exists because of such request and such requisitioning of corn stocks, the Directors, acting under the provisions of Rule 251 order

1. THAT all future contracts calling for the delivery of corn in July, September or December 1943 outstanding at the close of business Friday, June 25, 1943, be settled at the settlement prices designated by the War Food Administrator, namely, $1.07 per bushel for July 1943 contracts, $1.07 per bushel for September 1943 contracts, and $1.01 per bushel for December 1943 contracts,

2. THAT commission merchants and the Clearing Corporation proceed immediately with such settlement of all contracts which were outstanding at the close of business Friday, June 25, 1943,

3. THAT the Clearing Corporation adjust immediately to its clearing members for the account of their customers all deferred credits or moneys now held by the Corporation in pursuance of Regulation 1855,

*Adopted June 25, 1943.

4. THAT until further notice there be no trading in future contracts calling for the delivery of corn in July, September or December 1943, and

5. THAT due notice be given to the membership by the Directors when and under what conditions new futures contracts may be entered into calling for the delivery of corn in 1943.

*1857. WEIGHING, INSPECTION AND INTEREST CHARGES ON CORN.

WHEREAS certain orders have been issued by Commodity Credit Corporation to increase the movement of corn to war industries, and

WHEREAS these orders have altered the traditional trade customs in handling corn and have interfered with the normal movement of corn, and

WHEREAS an emergency exists because thereof, the Board of Directors, acting under the provisions of Rule 251, orders, until further notice

THAT any buyer of corn may, if he so elects, pay the weighing, inspection and interest charges on corn bought to arrive or consigned to this market.

†1858. BIDS FOR COMMODITIES.—It is conduct inconsistent with just and equitable principles of trade for a member to bid or contract for any commodity when the bid, or contract, is made with a promise that the buyer will guarantee the seller benefits of any advance in price or against loss occasioned by decline in price.

**1859. MAXIMUM PRICES FOR CORN.—Whereas, the Office of Price Administration is about to issue amendments to the Revised Maximum Price Regulation 346 (corn)

And Whereas, such amendments will create an emergency, the Directors, acting under the provisions of Rule 251, order, until further notice

*Adopted July 30, 1943.
†Adopted September 14, 1943.
**Adopted December 4, 1943.

1. That on the effective date of such amendment, Regulation 1853 as amended is hereby rescinded.
2. The maximum price for transactions in corn futures or cash corn entered into under the Rules of this Association on and after the effective date of such amendment shall conform to the maximum prices specified in the order of the Office of Price Administration.

*1860. MAXIMUM PRICES FOR BARLEY.—Whereas, the Office of Price Administration is about to issue a price regulation setting the maximum prices for barley

And Whereas, this order will create an emergency, the Directors, acting under the provisions of Rule 251, order, until further notice

The maximum prices on transactions in barley futures or cash barley entered into under the Rules of this Association on and after the effective date of the maximum price regulation issued by the Office of Price Administration shall conform to the prices prescribed in such order and amendments thereto.

*1861. MAXIMUM PRICES FOR OATS.—Whereas, the Office of Price Administration is about to issue a price regulation setting the maximum prices for oats

And Whereas, this order will create an emergency, the Directors, acting under the provisions of Rule 251, order, until further notice

The maximum prices on transactions in oats futures or cash oats entered into under the Rules of this Association on and after the effective date of the maximum price regulation issued by the Office of Price Administration shall conform to the prices prescribed in such order and amendments thereto.

*1862. TRADING IN CORN FUTURES.—Until notice is given to the membership by the Board when and under what conditions new futures contracts calling for the delivery of corn

*Adopted December 4, 1943.

may be entered into, there shall be no trading in such future contracts.

*1863. SETTLEMENT OF DECEMBER 1943 OATS CONTRACTS.—WHEREAS, the Office of Price Administration issued Temporary Maximum Price Regulation 33, effective December 6, 1943,

AND WHEREAS, said Regulation prescribes maximum prices on oats which have interfered with the normal movement of oats into this market so that it appears to be impossible to procure cash oats for the purpose of making delivery on December 1943 futures contracts,

AND WHEREAS, the unprecedented demand for all feed grains arising from the war food program has caused farmers generally to delay shipment of oats to markets,

AND WHEREAS, there have been failures to tender to the Clearing Corporation notices of intention to deliver oats on December 1943 futures contracts as prescribed by the Rules,

AND WHEREAS, an emergency exists because of this situation, the Directors, acting under the provisions of Rule 251, order,

(1) That all futures contracts calling for the delivery of oats in December 1943 outstanding at the close of business Thursday, December 30, 1943, and on which notices of intention to deliver were not delivered to the Clearing Corporation before 1:45 P. M. Thursday, December 30, 1943, must be settled at the maximum ceiling price for oats futures under the Temporary Maximum Price Regulation, namely, 82 cents per bushel, and

(2) That commission merchants and the Clearing Corporation make settlement of all such contracts on Friday, December 31, 1943.

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*Adopted December 30, 1943.

†1864. TEMPORARY MAXIMUM PRICE ON WHEAT FUTURES.—WHEREAS, the Office of Price Administration has today issued a Revised Maximum Price Regulation on wheat, which is effective today,

AND WHEREAS, such Regulation is not available in Chicago and consequently the Directors have not had opportunity to study its provisions,

AND WHEREAS, an emergency exists because of this situation, the Directors, acting under provisions of Rule 251, order until further notice, and more information can be had,

(1) That, on and after the opening of trading Wednesday, January 5, 1944, no contract calling for the future delivery of wheat may be traded in at prices higher than $1.71⅜ per bushel.

*1864-A. WAR TIME GRADES DELIVERABLE ON AND MAXIMUM PRICES FOR WHEAT FUTURES CONTRACTS.

WHEREAS, the Office of Price Administration has issued Revised Maximum Price Regulation 487 (wheat) effective January 4, 1944, and

WHEREAS, the said R.M.P.R. 487 arbitrarily establishes prices for different grades of wheat not in conformity with normal trade practices, and

WHEREAS, the said R.M.P.R. 487 does not establish maximum prices for wheat futures contracts but leaves the determination of such maximum prices to the various Exchanges to act in accordance with their own Rules and the provisions of said price Regulation, and

WHEREAS, war time conditions have necessarily supplanted peace time conditions and price relationships affecting the marketing of wheat, and

WHEREAS, the Directors believe all members to be heartily in favor of a patriotic adjustment of peace time Rules to war time necessities, and

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†Adopted January 4, 1944. Rescinded January 8, 1944 by Regulation 1864-A.

*Adopted January 8, 1944.

WHEREAS, an emergency exists because of these circumstances, the Directors, acting under the provisions of Rule 251, order as a war time measure, and until further notice:

1. That, the paragraph in Rule 292 prescribing differentials for different grades and types of wheat be temporarily set aside and the following be substituted in lieu thereof as applicable on all contracts now open or to be created.

WHEAT DIFFERENTIALS.

No. 1—Heavy Dark Northern Spring Wheat No. 1—Heavy Northern Spring Wheat No. 1—Dark Hard Winter Wheat No. 1—Hard Winter Wheat No. 1—Yellow Hard Winter Wheat No. 1—Red Winter Wheat	At 1 cent per bushel over contract price.
No. 1—Northern Spring Wheat No. 1—Dark Northern Spring Wheat No. 2—Hard Winter Wheat No. 2—Dark Hard Winter Wheat No. 2—Yellow Hard Winter Wheat No. 2—Red Winter Wheat	At contract price.

(It will be incumbent upon the party making delivery of wheat on futures contracts to see that such delivery complies with R.M.P.R. 487.)

2. That, if on delivery the party making delivery delivers wheat which has incurred charges in addition to the 3 cents allowed for in the maximum futures price, he may bill and the party taking delivery must pay such additional charges but not to exceed one merchandising charge of 1½ cents per bushel and/or one elevation charge of 1 cent per bushel.

3. That, on and after the opening of trading Monday, January 10, 1944, no contract calling for the future delivery of wheat may be traded in at prices higher than $1.73⅜ per bushel.

4. That, Regulation 1864, adopted January 4, 1944, be and it hereby is rescinded as of the opening of business Monday, January 10, 1944.

Miscellaneous Regulations

NEW REGULATION—1864-B.
(To be inserted in Rule Book)

On June 27, 1944 the Directors adopted the following Regulation:

1864-B. WAR-TIME GRADES DELIVERABLE ON AND MAXIMUM PRICES FOR WHEAT FUTURES CONTRACTS.

WHEREAS, the Office of Price Administration issued Revised Maximum Price Regulation 487 (Wheat) effective January 4, 1944, and,

WHEREAS, the said R.M.P.R. 487 arbitrarily establishes prices for different grades of wheat not in conformity with normal trade practices, and

WHEREAS, the said R.M.P.R. 487 does not establish maximum prices for wheat futures contracts but leaves the determination of such maximum prices to the various Exchanges to act in accordance with their own Rules and the provisions of said price Regulation, and

WHEREAS, war-time conditions have necessarily supplanted peace-time conditions and price relationships affecting the marketing of wheat, and

WHEREAS, the Directors believe all members to be heartily in favor of a patriotic adjustment of peace-time rules to war-time necessities, and

WHEREAS, Regulation 1864-A was adopted on January 8, 1944, soon after the Office of Price Administration issued Revised Maximum Price Regulation 487, and

WHEREAS, an emergency existed at the time of the adoption of Regulation 1864-A and continues to exist at this time but under conditions which have changed,

NOW, THEREFORE, the Directors, acting under the provisions of Rule 251, as an emergency measure, effective Thursday, June 29, 1944, and until further notice, order:

1. That Regulation 1864-A, adopted January 8, 1944, be

and hereby is rescinded, and this Regulation 1864-B is substituted in lieu thereof,

2. That, the paragraph in Rule 292 prescribing differentials for different grades and types of wheat be temporarily set aside and the following be substituted and continued in lieu thereof as applicable on all contracts now open or to be created.

WHEAT DIFFERENTIALS.

No. 1—Heavy Dark Northern Spring Wheat No. 1—Heavy Northern Spring Wheat No. 1—Dark Hard Winter Wheat No. 1—Hard Winter Wheat No. 1—Yellow Hard Winter Wheat No. 1—Red Winter Wheat	At 1 cent per bushel over contract price.
No. 1—Northern Spring Wheat No. 1—Dark Northern Spring Wheat No. 2—Hard Winter Wheat No. 2—Dark Hard Winter Wheat No. 2—Yellow Hard Winter Wheat No. 2—Red Winter Wheat	At contract price.

3. That, continuing the provisions of paragraph 3 of Regulation 1864-A, on and after the opening of trading Thursday, June 29, 1944, no contract calling for the future delivery of wheat may be traded in at prices higher than $1.73⅜ per bushel.

4. That, Regulation 1864, adopted January 4, 1944, was rescinded as of the opening of business Monday, January 10, 1944.

*1865. STOP ORDERS ON ODD LOTS OF GRAIN. (Interpreting Rule 40).—In determining when an odd-lot stop order becomes a market order, only the market price of round lots (5000 bushels or multiples thereof) shall govern.

*1866. (Interpreting Rules 202-A and 258 and Regulation 1809-A).—All futures transactions resulting in change of ownership (except those involving the exchange of futures in cash transactions) must be made in the open market in the manner prescribed by Rules 202-A and 258.

*1867. WIRE CHARGES ON GIVE-UPS (Interpreting Rule 223).

1. Instructions on give-ups must be received in sufficient time to permit clearing trades in the current day's business.
2. Wire charges on give-ups are applicable either from points within or without the city of Chicago at the rates prescribed in the rule.
3. Only one wire charge shall apply on each transaction and where two or more members are engaged in transmission the wire charge may be divided as mutually agreed.
4. If the account of the non-member (referred to in the second paragraph of Rule 223) is not carried by the Clearing Member, the Clearing Member shall collect the full wire service charge from the member carrying the account. In such cases, the Clearing Member is not permitted to absorb any part of the wire service charge; but the member carrying the account may either pass the charge on to his customer or absorb it.

*1868. COMMISSION CHARGES ON GRAIN RECEIVED IN STORE ON FUTURE CONTRACTS:

1. When the customer orders the grain redelivered on a future contract in the same month—one future commission (for both the purchase and sale).

†Adopted March 8, 1944.
*Adopted March 8, 1944.

2. When the customer orders the grain redelivered on a future contract during a later month—two future commissions (one for the purchase and one for the sale).

3. When the customer orders the grain sold in store by grade (but not redelivered on a future contract)—one future commission for the purchase plus the commission specified in Paragraph a-1 of Rule 231 for the sale of the warehouse receipts.

*1869. MEMBERS RATES NOT DIVISIBLE (Interpreting Rules 231 and 232).—Members' rates of commission on future contracts and cash grain are minimum rates and may not be divided between two individuals, partnerships or corporations.

*1870. TRADING DURING THE FINAL SEVEN BUSINESS DAYS OF DELIVERY MONTH.—After trading in contracts for future delivery in the current delivery month has ceased in accordance with Regulation 1832, no outstanding contracts for such delivery may be liquidated by means of an exchange of such current futures for the cash commodity.

No office deliveries of warehouse certificates may be made by members of the Clearing Corporation. Where a commission house as a member of the Clearing Corporation has an interest both long and short for customers on its own books, it must tender to the Clearing Corporation such warehouse certificates as it receives from its customers who are short.

*1871. PRICE OF EXECUTION BINDING.—The price at which an order for commodities or securities is executed shall be binding and no member shall make any adjustment with his customer because of an error in handling the order without first obtaining permission from—

1. the Floor Practices Committee, if the error occurred on the Floor of the Exchange, or

2. the Rules Committee, if the error occurred elsewhere.

(See Regulations 1021, 1718 and 1843)

*Adopted March 8, 1944.

Miscellaneous Regulations

NEW REGULATION—1872
(To be inserted in Rule Book)

On April 4, 1944, the Directors adopted the following new Regulation:

REGULATION 1872.—TRADING IN MAY, 1944 OATS AND BARLEY FUTURES.—WHEREAS, the prices of futures contracts calling for the delivery of oats in May, 1944, and barley in May, 1944, have been for some considerable time "bid" at the permissible ceiling, and

WHEREAS, the supply of oats and barley at the present time available in this market does not seem to be adequate to justify new trading in these contracts, and

WHEREAS, an emergency exists because of these circumstances, the Directors, acting under the provisions of Rule 251, order

1. Beginning at the opening of trading Wednesday, April 5, 1944, no new futures contracts, calling for the delivery of oats in May, 1944, or barley in May, 1944, may be entered into, and
2. That trades in futures contracts calling for the delivery of oats in May, 1944, barley in May, 1944, may be made only for the purpose of liquidating contracts which were outstanding at the close of business Tuesday, April 4, 1944, and
3. That clearing members must, before accepting and executing any futures orders calling for the delivery of oats in May, 1944, or barley in May, 1944, determine that such orders are in fact for the purpose of liquidation only.

NEW REGULATION—1873
(To be inserted in Rule Book)

On May 9, 1944, the Directors adopted the following new Regulation:

REGULATION 1873—TRADING IN MAY WHEAT FUTURES.—WHEREAS, the Directors have found that the best interest of

the Exchange requires emergency action with respect to trading in futures contracts for delivery of wheat in May 1944, and

WHEREAS, an emergency exists because of these circumstances the Directors, acting under provisions of Rule 251, order,

1. Beginning at the opening of trading Wednesday, May 10, 1944, no new futures contracts, calling for the delivery of wheat in May 1944, may be entered into, and
2. That trades in futures contracts calling for the delivery of wheat in May 1944 may be made only for the purpose of liquidating contracts which were outstanding at the close of business Tuesday, May 9, 1944, and
3. That clearing members must, before accepting and executing any futures orders calling for the delivery of wheat in May 1944, determine that such orders are in fact for the purpose of liquidation only.

NEW REGULATION—1874
(To be inserted in Rule Book)

On May 29, 1944, the Directors adopted the following Regulation:

1874. SETTLEMENT OF MAY 1944 OATS, BARLEY AND WHEAT FUTURES CONTRACTS. WHEREAS, the Office of Price Administration issued Maximum Price Regulation 511 (Oats and Barley), effective February 4, 1944, and Revised Maximum Price Regulation 487 (Wheat), effective January 4, 1944, and

WHEREAS, such Regulations prescribe maximum prices on oats, barley and wheat which have interfered with the normal movement of these grains into this market, and

WHEREAS, the demand for these grains has been so great that it is impossible to secure cash oats, cash barley and cash wheat for the purpose of making delivery on May 1944 futures contracts, and

WHEREAS, the unprecedented demand for all grains arising from the war food program and the unusual climatic condi-

tions which have delayed and interfered with farm work and caused farmers generally to delay shipment of these grains to market, and

WHEREAS, on April 4, 1944, the Directors ordered that no new futures trades for delivery of oats or barley in May 1944, might be entered into, and

WHEREAS, on May 9, 1944, the Directors ordered that no new futures trades for delivery of wheat in May 1944 might be entered into, and

WHEREAS, there have been failures to tender to the Clearing Corporation notices of intention to deliver oats, barley and wheat on May 1944 futures contracts as prescribed by the Rules, and

WHEREAS, an emergency exists because of this situation, the Directors, acting under the provisions of Rule 251, order

1. That all futures contracts calling for the delivery of oats, barley and wheat in May 1944 outstanding at the close of business Monday, May 29, 1944, and on which notices of intention to deliver were not delivered to the Clearing Corporation before 1:45 P. M. Monday, May 29, 1944, must be settled at the following maximum prices prescribed under the Maximum Price Regulations heretofore mentioned, namely, on contracts calling for the delivery of oats $.82 per bushel; on contracts calling for the delivery of barley $1.28 per bushel and on contracts calling for the delivery of wheat $1.73⅜ per bushel, and
2. That commission merchants and the Clearing Corporation make settlement of all such contracts on Wednesday, May 31, 1944.

On July 24, 1944, the Directors adopted the following new Regulation 1875:

"1875.—WHEREAS, the Office of Price Administration has issued Food Products Regulation No. 2 and Supplement No. 2 to Food Products Regulation No. 2, and

Miscellaneous Regulations

WHEREAS, these regulations establish prices for different grades of oats not in conformity with our normal trade practices,

NOW, THEREFORE, The Directors, acting under the provisions of Rule 251, as an emergency measure, effective Wednesday, June 26, 1944, and until further notice, order

1. That the paragraph in Rule 292 prescribing differentials for different grades and types of oats be temporarily set aside and the following be substituted and continued in lieu thereof as applicable on all contracts for delivery in months subsequent to July 1944 now open or to be created.

OATS DIFFERENTIALS

No. 1—Extra Heavy White or Red Oats ..... 5¢ per bushel over contract price

No. 1—Heavy White or Red Oats ..... 2¢ per bushel over contract price

No. 1—White or Red Oats ..... 1¢ per bushel over contract price

No. 2—Extra Heavy White or Red Oats ..... 4¢ per bushel over contract price

No. 2—Heavy White or Red Oats ..... 1¢ per bushel over contract price

No. 2—White or Red Oats ..... At Contract Price

No. 3—Extra Heavy White or Red Oats ..... 3¢ per bushel over contract price

No. 3—Heavy White or Red Oats ..... At Contract Price

No. 3—White or Red Oats ..... 3¢ per bushel over contract price

Bright Oats shall carry no additional premiums or discount.

2. That, on and after the opening of trading on Wednesday, July 26, 1944, no contract calling for the future

delivery of oats may be traded in at prices higher than 82 cents per bushel.

3. That, all notices of intention to deliver oats in months subsequent to July 1944 must be accompanied by a receipt from the operator of the elevator in which the oats are stored showing that all charges for elevation and loading out have been paid or the warehouse receipt must have endorsed upon it that such payment has been made, or in case of delivery of oats in cars under the provisions of Rule 282, the notice of intention to deliver must be accompanied by a check sufficient to pay, at the customary rate in public warehouses in Chicago, all elevation and outloading charges."

NEW REGULATIONS
(Insert in Rule Book)

On July 28, 1944, the directors adopted the following new Regulation 1876:

"1876. WHEREAS, the Office of Price Administration has issued Food Products Regulation No. 2 and Supplement No. 3 to Food Products Regulation No. 2, (Barley), and

WHEREAS, these regulations establish prices for different grades of barley not in conformity with our normal trade practices and provide a specific method for calculating maximum prices on barley futures contracts,

NOW, THEREFORE, The Directors, acting under the provisions of Rule 251, as an emergency measure, effective Tuesday, August 1, 1944, and until further notice, order

1. That the paragraph in Rule 292 prescribing differentials for different grades and types of barley be temporarily set aside and the following be substituted and continued in lieu thereof as applicable on all contracts for delivery in months subsequent to July 1944 now open or to be created.

Miscellaneous Regulations

BARLEY DIFFERENTIALS

No. 1—Barley of Class I—At 1¢ per bushel over contract price

No. 2—Barley of Class I—At Contract price

No. 3—Barley of Class I—At 2¢ per bushel under contract price

Provided, however, that no such barley tendered on contracts for future delivery shall have a dockage in excess of 2%. Allowance shall be made by the seller to the buyer for dockage up to 2%.

2. That, on and after the opening of trading on Tuesday, August 1, 1944, no contract calling for the future delivery of barley may be traded in at prices higher than 123½ cents per bushel.

3. That, all notices of intention to deliver barley in months subsequent to July 1944 must be accompanied by a receipt from the operator of the elevator in which the barley is stored showing that all charges for elevation and loading out have been paid, or the warehouse receipt must have endorsed upon it that such payment has been made, or in case of delivery of barley in cars under the provisions of Rule 282, the notice of intention to deliver must be accompanied by a check sufficient to pay, at the customary rate in public warehouses in Chicago, all elevation and outloading charges."

NEW REGULATION—1877

(To be inserted in Rule Book)

On September 12, 1944, the Directors adopted the following Regulation 1877 and instructed the Market Report Committee to permit trading for the present in contracts for the delivery of corn in December, 1944, May and July, 1945.

The Directors further instructed the Market Report Com-

mittee to fix limitations on prices for the first day's trading in corn futures at not more than 5¢ above or below the opening range of prices, but in no case higher than 118¼¢ per bushel.

1877. TRADING IN CORN FUTURES.—WHEREAS, the Board announced December 4, 1943, in Regulation 1862 and again by mimeograph communication March 1, 1944, that the membership would be given notice when and under what conditions new futures contracts calling for the delivery of corn might be entered into, and

WHEREAS, the price differentials prescribed in Rule 292 with respect to grades and types of corn deliverable on futures are not in agreement with the price differentials for grades and types of corn described in Second Revised M.P.R. 346 (Corn) and

WHEREAS, it is necessary and desirable that futures trading in corn contracts be made available to all interested parties including producers, and

WHEREAS, an emergency exists because of this situation, the Board acting under the provisions of Rule 251 orders, until further notice,—

1. That this Regulation 1877 shall become effective at the opening of the market on Thursday, September 14, 1944.

2. That Regulation 1862, adopted December 4, 1943, be and it hereby is rescinded.

3. That the paragraph in Rule 292 prescribing differentials for different grades and types of corn be temporarily set aside and that the following be substituted in lieu thereof as applicable on all corn contracts that may be entered into—

CORN DIFFERENTIALS.

No. 1 Yellow Corn No. 2 Yellow Corn No. 1 Mixed Corn No. 2 Mixed Corn	At Contract Price
No. 3 Yellow Corn No. 3 Mixed Corn	At 2½¢ per bushel under contract price.

4. That no contracts for the future delivery of corn in any month be made at prices higher than 118¼¢ per bushel.

5. That all deliveries shall be made on an "in store" basis, the buyer paying elevation and loading-out charges.

EXHIBIT D

Commodity Exchange Act as Amended—Rules and Regulations of the Secretary of Agriculture promulgated thereunder. Orders of Commodity Exchange Commission pursuant to Section 4(a) and order of Secretary of Agriculture pursuant to Section 5(a) of Act.

EXHIBIT E

Regulations for Warehousemen Storing Grain. Regulations of the Secretary of Agriculture under the United States Warehouse Act of August 11, 1916, as amended.

And afterwards on, to wit, the 23rd day of October, 1944 came the Plaintiff by its attorneys and filed in the Clerk's office of said Court its certain Notice and Motion for Preliminary Injunction in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff,* vs. Illinois Commerce Commission; John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants.*	Civil Action No. 44 C 1253 Injunction Sought

NOTICE

To:

Hon. George F. Barrett
Attorney General, State of Illinois
Suite 786
208 South La Salle Street

Irvin Rooks
Lee A. Freeman
Suite 3710
135 South La Salle Street

Please take notice that on Monday, October 23, 1944, at the opening of court in the forenoon, or as soon thereafter as counsel may be heard, we shall appear before the Honorable Michael L. Igoe, in the room usually occupied by him as a courtroom, and then and there move the court for a preliminary injunction in the above entitled cause, a copy

of which motion is attached, together with a copy of the verified complaint in said cause.

Weymouth Kirkland,
Howard Ellis,
William H. Symmes,
Attorneys for Board of Trade of the City of Chicago.

Received a copy of the foregoing Notice, Motion and Complaint in the above entitled cause this 20th day of October, A. D. 1944.
Irvin Rooks,
Lee A. Freeman,
Attorneys for Defendants.
George F. Barrett,
Attorney General.

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff,* vs. Illinois Commerce Commission; John D. Biggs, William Parillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of the Illinois Commerce Commission and Daniel F. Rice & Company, a partnership, *Defendants.*	Civil Action No. 44 C 1253 Injunction Sought

MOTION FOR PRELIMINARY INJUNCTION

Board of Trade of the City of Chicago moves the court for a preliminary injunction enjoining the defendants, Illinois Commerce Commission; John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Wash-

ington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company a partnership, pending the final hearing and determination of this action, from continuing jurisdiction of the cause of Daniel F. Rice & Company et al., Plaintiff vs. Chicago Grain Corporation et al. and Board of Trade of the City of Chicago, No. 32267, before the Illinois Commerce Commission, and from proceeding with a hearing in said cause as to this defendant on October 24, 1944, or at any other time prior to the final order and determination of this cause, on the grounds set forth in the verified complaint of this plaintiff, a copy of which complaint is attached hereto.

Weymouth Kirkland,
Howard Ellis,
William H. Symmes,
Attorneys for Board of Trade of the City of Chicago, Plaintiff.

And afterwards on, to wit, the 1st day of November, 1944 there was filed in the Clerk's office of said Court, a certain Appearance of Attorney General, George F. Barrett, for Illinois Commerce Commission et al., Defendants, in words and figures following to wit:

UNITED STATES DISTRICT COURT
Eastern Division
Northern District of Illinois

Board of Trade of the City of Chicago, a Corp.	
vs.	No. 44C 1253
Illinois Commerce Commission, et al.	

APPEARANCE

Mr. Clerk:

I enter my appearance as attorney for Illinois Commerce Commission and John D. Biggs, William Parrillo, Frank

Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of said Commission in the above entitled case.

Dated at Chicago on the
1st day of November 1944.

Address: *Attorney General of Illinois,*
George F. Barrett,
Attorney General of Illinois,
208 S. LaSalle St., Room 786,
Chicago, Ill.

And afterwards on, to wit, the 8th day of November, 1944 there was filed in the Clerk's office of said Court a certain Appearance of attorneys for Daniel F. Rice & Company, a partnership in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff,* vs. Illinois Commerce Commission; John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants.*	Civil Action No. 44 C 1253

APPEARANCE

To the Clerk of the United States District Court:

We hereby enter our appearance in the above entitled cause, as attorneys for Daniel F. Rice & Company, a partnership.

Dated at Chicago, Illinois, on the 8th day of November, 1944.

Irvin Rooks,
Lee A. Freeman,
Attorneys for Daniel F. Rice & Company, a partnership,
135 S. LaSalle St., Suite 3710
Chicago 3, Illinois
ANDover 2112

And afterwards on, to wit, the 28th day of December, 1944 came the Defendants, Illinois Commerce Commission, et al., by their attorneys and filed in the Clerk's office of said Court their certain Answer in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
For the Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff,* vs. Illinois Commerce Commission; John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants.*	Civil Action No. 44 C 1253 Injunction Sought

ANSWER OF ILLINOIS COMMERCE COMMISSION AND ITS CHAIRMAN, JOHN D. BIGGS, AND WILLIAM PARRILLO, FRANK PESKA, EDWIN A. ROSENSTONE AND VAL. J. WASHINGTON, MEMBERS OF SAID COMMISSION, TO PLAINTIFFS' MOTION FOR A PRELIMINARY INJUNCTION.

Come now the defendants, Illinois Commerce Commission and its Chairman, John D. Biggs, and William Parrillo,

Frank Peska, Edwin A. Rosenstone and Val. J. Washington, members of said Commission, by George F. Barrett, Attorney General of the State of Illinois, their attorney, to answer the motion of the plaintiff for a preliminary injunction in the above entitled cause and for answer state:

1. These defendants deny that the plaintiff is entitled to a preliminary injunction as set forth in its said motion for a preliminary injunction, on the grounds set forth in the motion to strike the plaintiff's complaint and dismiss the cause, filed herein by the said defendants.

2. That for the reasons set forth in defendants' motion to strike the plaintiff's complaint and dismiss the cause, filed herein, these defendants deny the allegations of plaintiff's complaint and further deny that the plaintiff is entitled to any relief as prayed in said complaint; that plaintiff has on numerous occasions, in past years, submitted itself to the jurisdiction of the Illinois Commerce Commission and is therefore now estopped from denying state jurisdiction.

Wherefore, these defendants pray that the motion of the plaintiff herein for a preliminary injunction be denied.

ILLINOIS COMMERCE COMMISSION and John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, members of said Commission,

By George F. Barrett,
Attorney General of the State of Illinois,
Attorney for said Defendants.

And on the same day, to wit, the 28th day of December, 1944 came the Defendants, Illinois Commerce Commission, et al., by their attorneys and filed in the Clerk's office of said

Court their certain Motion in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
For the Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff,* vs. Illinois Commerce Commission; John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants.*	Civil Action No. 44 C 1253 Injunction Sought

MOTION OF ILLINOIS COMMERCE COMMISSION AND ITS CHAIRMAN, JOHN D. BIGGS, AND WILLIAM PARRILLO, FRANK PESKA, EDWIN A. ROSENSTONE AND VAL. J. WASHINGTON, MEMBERS OF SAID COMMISSION, TO STRIKE THE PLAINTIFFS' COMPLAINT AND DISMISS THE CAUSE.

Now come Illinois Commerce Commission and its Chairman, John D. Biggs, and William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, members of said Commission, by George F. Barrett, Attorney General of the State of Illinois, their attorney, and for this their motion to strike the plaintiffs' complaint and to dismiss the plaintiffs' cause, say and show unto the court that the said complaint is infirm, informal, insubstantial and insufficient in law and in equity; and as and for the particular grounds of the said motion the defendants say and show unto this court:

1. That this court is without jurisdiction of the subject matter of this cause and the parties hereto because the complaint does not fairly make, state or plead a cause of action under the constitution or laws of the United States of America.

2. That this court is without jurisdiction of the subject matter of this cause, and of the parties hereto because the

Federal District Court lacks jurisdiction by reason of section 24(1) of the Judicial Code, Title 28, U.S.C.A., sec. 41(1), commonly referred to as the Johnson act, Amendment of 1934.

3. That this court is without jurisdiction of the subject matter of this cause and of the parties hereto because the complaint does not allege or show that the plaintiff has first exhausted its administrative or statutory remedies available to it by the statutes of the State of Illinois.

4. That this court is without jurisdiction of the subject matter of this cause and of the parties hereto because the complaint failed to make the Attorney General of Illinois a party defendant.

5. That this court is without jurisdiction of the subject matter of this cause and the parties hereto because the complaint fails to show that the plaintiff had no adequate remedy at law.

6. That this court is without jurisdiction of the subject matter of this cause and of the parties hereto because the complaint fails to show that plaintiff shall suffer grave and irreparable damage unless equity grants relief.

7. That this court is without jurisdiction of the subject matter of this cause and of the parties hereto because the complaint does not make, state or plead any case, cause of action or ground of relief either at law or in equity.

8. That this court is without jurisdiction of the subject matter of this cause and of the parties hereto because the complaint does not make, state or plead a case or cause of action within Federal jurisdictional requirements.

9. That this court is without jurisdiction of the subject matter of this cause and of the parties hereto because the Commodity Exchange Act, 7 U.S.C.A., sec. 1, as amended, is limited in its scope and does not preclude the jurisdiction of the Illinois Commerce Commission over the Chicago Board of Trade pursuant to the constitution and statutes of the State of Illinois.

10. That this court is without jurisdiction of the subject matter of this cause and of the parties hereto because it appears upon the face of said complaint that the Commodity Exchange act is limited in its scope and does not preempt the field of regulation of grain warehouses with respect to those matters in issue before the Illinois Commerce Commission on the Rice complaint.

11. That this court is without jurisdiction of the subject matter of this cause and of the parties hereto because the complaint is otherwise and in other matters, respects and particulars infirm, informal, insubstantial and insufficient in law and in equity.

Wherefore, the defendants pray that the plaintiffs' complaint be stricken and that the above entitled cause be dismissed at the cost of the plaintiff.

ILLINOIS COMMERCE COMMISSION and John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, members of said Commission,
By George F. Barrett,
Attorney General of the State of Illinois,
Attorney for said Defendants.

And afterwards on, to wit, the 30th day of December, 1944 came the Defendants, Daniel F. Rice, et al., by their attorneys and filed in the Clerk's office of said Court their certain Answer in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff,* vs. Illinois Commerce Commission; John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants.*	Civil Action No. 44 C 1253 Injunction Sought

ANSWER OF RICE DEFENDANTS

Defendants, Daniel F. Rice, Joseph J. Rice, Walter T. Rice and William F. Rowley, doing business as Daniel F.

Rice & Co., a partnership, by their attorneys, Irvin Rooks and Lee A. Freeman, separately answering the complaint of the plaintiffs in this action, state:

First Defense

The federal district court is precluded from taking jurisdiction in this matter under the 1934 Amendment of Section 24(1) of the Judicial Code (Title 28, U.S.C.A., Sec. 41(1)), commonly known as the Johnson Act.

Second Defense

The suit is premature and must be dismissed since plaintiff failed to exhaust the administrative and statutory remedies available to it before the Illinois Commerce Commission.

Third Defense

The complaint must be dismissed since plaintiff possesses a plain, speedy and adequate remedy at law.

Fourth Defense

The complaint fails to state a claim against these defendants upon which equitable relief can be granted, and fails to establish by affidavit or otherwise, facts to warrant the issuance of either a temporary or permanent injunction.

Fifth Defense

Plaintiff fails to clearly and positively establish an actual or imminent threat of grave and irreparable damage amounting to manifest oppression unless injunctive relief were granted.

Sixth Defense

The complaint must be dismissed and injunctive relief denied since the Commodity Exchange Act and the United States Warehouse Act, both as amended (7 U.S.C.A., Secs. 1 et seq., Secs. 241 et seq.) are limited in scope and do not preempt the field of regulation of the Board of Trade of the City of Chicago with respect to those matters in issue before the Illinois Commerce Commission on the Rice complaint, nor do said federal enactments preclude the Illinois Commerce Commission from exercising regulatory authority over the plaintiff herein.

SEVENTH DEFENSE

Defendants, further answering, state:

(1) Admit the allegations in Paragraphs 1, 2, 4, 6 and 8.

(2) As to Paragraph 3 of the complaint, defendants deny the conclusions therein contained and affirmatively state that this court's jurisdiction to determine the issues involved has been withdrawn by the Johnson Act Amendment of 1934.

(3) Admit the allegations in Paragraph 5 of the complaint, and answering further say that the plaintiff was, on or about August 25, 1944, duly served with a proper notice by the Illinois Commerce Commission of the setting of the proceedings for hearing on September 12, 1944; that thereafter a moti ' dismiss was filed, upon which oral arguments were neard on October 26 and 27, 1944.

(4) As to the allegations in Paragraph 7 of the complaint, plaintiff denies each and every allegation, including the conclusion that the Commodity Exchange Act and regulations thereunder supersede and nullify all Illinois laws, statutes, constitution and regulations of the Illinois Commerce Commission, with respect to the operation of the Board of Trade of the City of Chicago; that Congress has fully and completely occupied and preempted the field of regulation of boards of trade; and that the plaintiff is not subject to the jurisdiction of the Illinois Commerce Commission.

(5) The allegations contained in Paragraph 9 of the complaint are speculative and conjectural. They consist of arguments and conclusions rather than the factual allegations prerequisite to a claim of grave and irreparable damage. Defendants specifically deny that Congress has fully and completely occupied and preempted the field of regulation of contract markets; that the Illinois Commerce Commission has assumed to exercise control over the same field regulated by Congress; that plaintiff will be subjected to suspension and revocation of its designation as a contract market if it were required to comply with the orders of the Illinois Commerce Commission; that plaintiff would suffer penalties under Illinois law; and that plaintiff

would be put to the necessity of incurring great expense in defending the suit before the Illinois Commerce Commission.

Answering further, defendants say that the Attorney General of the State of Illinois has not been made a party to this suit, nor has plaintiff prayed that this court enjoin the enforcement of penalties which might be assessed against plaintiff.

Answering further, upon information and belief, defendants say that the Attorney General of the State of Illinois has not been requested by the Illinois Commerce Commission or anyone else to institute an action to enforce penalties; that there do not exist at present any orders entered by the Illinois Commerce Commission which would serve as a basis for the assessment of penalties; that the Attorney General of Illinois does not now intend or threaten to institute proceedings to enforce penalties.

Answering further, defendants aver that no action is being taken by the Rice complainants before the Illinois Commerce Commission which could possibly result in the Board of Trade of the City of Chicago being required to violate provisions of the Commodity Exchange Act, and therefore the proceedings before the Illinois Commerce Commission could in no manner affect plaintiff's status as a contract market.

Wherefore, defendants pray that this action be dismissed, with costs assessed against plaintiff.

Daniel F. Rice, Joseph J. Rice, Walter T. Rice and William F. Rowley, doing business as Daniel R. Rice & Co., a partnership.

By /s/ Irvin Rooks
/s/ Lee A. Freeman
Attorneys for Defendants.

State of Illinois,
County of Cook. } ss.

Joseph J. Rice, being first duly sworn, says that he is one of the defendants in the above entitled cause, and a partner in the firm of Daniel F. Rice & Co., and as such he is authorized to make this affidavit for and on behalf of the other defendants herein; that he has read the foregoing answer, knows the contents thereof, and that the same is true of his own knowledge except as to those matters stated to be alleged upon information and belief, and as to those matters, he believes them to be true.

/s/ Joseph J. Rice.

Subscribed and sworn to before me this 29th day of December, 1944.

/s/ M. E. Lalor,
Notary Public.

(SEAL.)

And afterwards on, to wit, the 15th day of June, 1945 there was filed in the Clerk's office of said Court a certain Memorandum Opinion of the Honorable Michael L. Igoe, District Judge, in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
For the Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, vs. Illinois Commerce Commission, *et al.*	Civil Action No. 44 C 1253
Great Lakes Elevator Corporation, *et al.*, vs. Illinois Commerce Commission, *et al.*	Civil Action No. 44 C 1257

MEMORANDUM OPINION

In No. 1257 plaintiffs who are licensed warehousemen under the United States Warehouse Act seek to enjoin the Illinois Commerce Commission from hearing a complaint

which charges plaintiffs with acts in violation of the constitution and regulatory statutes of Illinois. The Commission overruled a motion to dismiss, and set the case for hearing. Plaintiffs contend that the Illinois constitutional and statutory provisions have been so completely superseded by the Federal Act that the Commission may not even hold a hearing, and even though the Commission after the hearing may not take any action in conflict with the authority conferred upon the Secretary of Agriculture by the Federal law.

In No. 1253, plaintiff relies upon the Commodities Exchange Act as superseding the authority of the Commission.

In order to sustain the injunctions prayed for the court must decide that the Federal Law has completely extinguished State investigation and regulation in the entire field in which the Commission has announced its intention to hold a hearing.

The State of Illinois has enacted the Illinois Grain Warehouse Act. By its Public Utilities Act of 1913 and subsequent acts, public warehouses for the storage of grain are public utilities and are subject to the comprehensive regulatory provisions of that law, including court review. Control over such warehouses has been exercised by most of the States. The Supreme Court of the United States has decided that regulation of such warehouses engaged in interstate commerce does not amount to regulation of such commerce, in the absence of conflict with Federal legislation.

The Federal Warehouse Act of 1916 does not purport to be a utility regulatory act. It is aimed at fraudulent practices in connection with warehouse receipts for agricultural products which are stored for interstate commerce. Its provisions are applicable only to those who seek and obtain a government license. The act does not provide a method for establishment of just and reasonable rates or the elimination of discriminatory practices. The only remedy under that act is revocation of the license. The act does not impair or limit the effect of any State law relating to warehouse or warehousemen.

Amendments to that act have not changed it materially. The 1931 amendment does not add to it any of the regulatory provisions usually found in regulatory statutes. It does not fix standards, require findings, or provide for ju-

dicial review. The amendment to section 29 does not in my opinion transform the statute into a comprehensive Federal plan for the regulation of these licensed utilities, and does not operate to supersede the provisions of the Illinois law so completely that the Commission may not even make an investigation of any of the matters covered by the complaint before it.

I recognize that this is a field in which widely different views have been expressed, but the rule which seems to me to be applicable is that it must clearly appear that the Federal provisions are inconsistent with those of the State. The amendment does not say that State officials may not proceed under State laws without the approval of the Secretary; on the contrary, it authorizes the Secretary in his discretion to cooperate with the State officials. Congress has not provided a substitute for the regulatory statutes of the State. The Secretary has not been authorized to prescribe rates; the penalties were not extended to cover discriminatory practices, and the Secretary can only revoke the license. That official is given no direct authority over the financial transactions and security issues of the licensee. There is no safeguard against improper abandonment of the public service. There are no provisions for complaints, hearings, findings, and court review. In all material respects, the powers of the Secretary are just as they were before the amendment of section 29. Forfeiture of the license gives only negative protection to the public. The State can still fix reasonable rates and prevent discriminatory rates and protect against improper financial transactions and security issues. In my opinion, there is no direct conflict between a licensing system to protect against fraudulent warehouse receipts, and utility regulation to preserve the service in the public interest, and it does not clearly appear that the State law has been completely superseded as to all of the matters covered by the complaint. The same principles apply to the suit based upon the Commodities Exchange Act.

Orders and findings may be presented denying the injunctions.

Michael L. Igoe,
Judge United States District Court.

Dated, June 15th, 1945.

And afterwards, to wit, on the 26th day of June, 1945, being one of the days of the regular May term of said Court, in the record of proceedings thereof, in said entitled cause, before the Honorable Michael L. Igoe, District Judge, appears the following entry, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff*, vs. Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants.*	Civil Action No. 44 C 1253 Injunction Sought

ORDER

This cause coming on to be heard on the verified complaint of the plaintiff herein, and the verified answers of Daniel F. Rice, Joseph J. Rice, Walter T. Rice and William F. Rowley, doing business as Daniel F. Rice & Company, a partnership, defendants herein, and upon the motion of defendants, the Illinois Commerce Commission and its Chairman, John D. Biggs, and William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, members of said commission, to strike the plaintiff's complaint and dismiss the cause, and upon the motion of plaintiff for an injunction in accordance with the plaintiff's complaint, and upon the verified answers of defendants to said motion, the court being fully advised in the premises and having heard arguments of counsel, and having considered the briefs filed by the parties herein, and the court having ren-

dered its memorandum opinion, which is attached hereto and made a part hereof, does hereby find:

1. The facts and law applicable thereto to be as contained in the memorandum of opinion attached hereto.

2. The Board of Trade of the City of Chicago, plaintiff herein, is a board of trade and grain exchange within the meaning of the Illinois Grain Warehouse Act (*Ill. Rev. Stats.* 1943, Ch. 114, Secs. 189-221).

3. The Board of Trade of the City of Chicago, plaintiff herein, is designated as a contract market under the Commodity Exchange Act by the Secretary of Agriculture.

4. The Board of Trade of the City of Chicago, plaintiff herein, is subject to the jurisdiction of the Illinois Commerce Commission in that all of the rules and regulations of the Board of Trade of the City of Chicago, plaintiff herein, which relate to the warehousing of grain in public warehouses, the custody of grain in private warehouses, and the use or negotiation of custodian receipts, are subject to the approval of the Illinois Commerce Commission before becoming operative.

5. The Commodity Exchange Act, as amended, is a limited and circumscribed exercise of federal control of futures trading on contract markets, and is not a general or comprehensive regulatory statute.

6. The jurisdiction of the Illinois Commerce Commission over plaintiff herein is not preempted or superseded by the Commodity Exchange Act, as amended, with respect to the authority granted by Section 194b of the Illinois Grain Warehouse Act (*Ill. Rev. Stats.* 1943, Ch. 114, Secs. 189-221).

7. The equities involved herein are against the plaintiff and in favor of the defendants, and the relief prayed by the plaintiff herein should be denied.

It is therefore ordered, adjudged and decreed that the injunction and the relief prayed for by plaintiff herein be and the same are hereby denied.

It is further ordered, adjudged and decreed that the motion of the defendants filed herein to strike plaintiff's complaint and dismiss the cause be and the same is hereby sustained.

It is further ordered, adjudged and decreed that the

above entitled cause be and the same is hereby dismissed at the cost of plaintiff.

ENTER:

IGOE,
Judge.

Dated: June 26, 1945.

And afterwards on, to wit, the 6th day of July, 1945, came the Plaintiff by its attorneys and filed in the Clerk's office of said Court its certain Notice of Appeal in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff-Appellant,* vs. Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants-Appellees.*	Civil Action No. 44 C 1253

NOTICE OF APPEAL

Notice is hereby given that Board of Trade of the City of Chicago, a corporation, plaintiff above named, hereby appeals to the United States Circuit Court of Appeals for the Seventh Circuit, from the final judgment order or decree entered in this action on June 26, 1945, denying plaintiff an injunction, sustaining defendants' motion to strike plain-

tiff's complaint and dismiss the cause, and dismissing the cause at the cost of plaintiff.

Weymouth Kirkland,
Howard Ellis,
William H. Symmes,
Attorneys for Plaintiff-Appellant.

Post Office Address:
33 North La Salle Street,
Chicago, Illinois.

(Attached hereto is the following certificate):

IN THE DISTRICT COURT OF THE UNITED STATES
For the Northern District of Illinois
Eastern Division

CERTIFICATE OF MAILING

I, Roy H. Johnson, Clerk of the United States District Court, for the Northern District of Illinois, Eastern Division, keeper of the Seal and Records of said Court, do hereby certify that on the 7th day of July, 1945, in accordance with Rule 73(b) of the Rules of Civil Procedure for District Courts of the United States, I did cause to be mailed a copy of the foregoing Notice of Appeal to the following attorneys of record:

George F. Barrett,
Attorney General,
208 South La Salle Street,
Chicago, Illinois.

Irvin S. Rooks and
Lee A. Freeman,
135 South La Salle Street,
Chicago, Illinois.

(Seal)

Roy H. Johnson, *Clerk.*

And on the same day, to wit, the 6th day of July, 1945, came the Plaintiff-Appellant by its attorneys and filed in the Clerk's office of said Court its certain Statement of Points in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff-Appellant,* vs. Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants-Appellees.*	Civil Action No. 44 C 1253

STATEMENT OF POINTS

Board of Trade of the City of Chicago, plaintiff in the above-styled action, now designates the points on which it will rely in prosecution of its appeal in said action:

1. That the court erred in failing to hold that the Commodity Exchange Act (Act of June 15, 1936, c. 545, 49 U. S. Stat. 1491, 7 U.S.C. 1-17a) superseded authority and jurisdiction of the Illinois Commerce Commission in the proceeding entitled—Daniel F. Rice and Company, etc., Plaintiff vs. Board of Trade of the City of Chicago, The Chicago Grain Corp., et al., Defendants, No. 32267.

2. That the court erred in failing to hold that the Commodity Exchange Act and the Regulations of the Secretary of Agriculture issued thereunder supersede and nullify the constitution of the State of Illinois and all laws, statutes and ordinances of the State of Illinois, and all orders and regulations of the Illinois Commerce Commission with respect to the operation of the Board of Trade of the City of Chicago as a contract market.

3. That the court erred in not holding that the Congress of the United States has fully and completely occupied and preempted the field of regulation of boards of trade, and the plaintiff as a contract market under said Act of Con-

gress is not subject to the jurisdiction of the Illinois Commerce Commission.

4. That the court erred in not holding that the Commodity Exchange Act preempted and superseded jurisdiction of the State of Illinois and any commission thereof with respect to the relief prayed for in the proceeding entitled—Daniel F. Rice and Company, etc., Plaintiff vs. Board of Trade of the City of Chicago, The Chicago Grain Corp., et al., Defendants, No. 32267, or any relief that could be afforded in said proceeding.

5. That the court erred in not holding that the Commodity Exchange Act, as amended, preempted and superseded jurisdiction of the Illinois Commerce Commission over plaintiff with respect to the authority granted by Section 194b of the Illinois Grain Warehouse Act (Ill. Rev. Stats. 1943, Ch. 114, Secs. 189-221).

6. That the court erred in not holding that the Illinois Commerce Commission did not have jurisdiction of Board of Trade of the City of Chicago with respect to Rules and Regulations of the Board of Trade of the City of Chicago which related to the warehousing of grain.

7. That the court erred in denying an injunction as prayed by the plaintiff.

8. That the court erred in entering judgment for the defendants.

9. That the court erred in dismissing said cause.

Dated July 5, 1945.

Weymouth Kirkland,
Howard Ellis,
William H. Symmes,

Attorneys for Plaintiff-Appellant.

Post Office Address:
33 North La Salle Street,
Chicago, Illinois.

And on the same day, to wit, the 6th day of July, 1945, came the Plaintiff-Appellant by its attorneys and filed in the Clerk's office of said Court its certain Cash Bond on Appeal in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff-Appellant,* vs. Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants-Appellees.*	Civil Action No. 44C1253

CASH BOND ON APPEAL

Know all men by these presents, That Board of Trade of the City of Chicago, a corporation, as principal, is held and firmly bound unto Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, in the full and just sum of Two Hundred and Fifty Dollars ($250.00) to be paid to the said Illinois Commerce Commission, John D. Biggs, William Parillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, their successors, assigns, attorneys, or administrators; to which payment, well and truly to be made, Board of Trade of the City of Chicago, a corporation, binds itself, its successors or assigns, jointly and severally, firmly by these presents.

Sealed with its seal and dated this 2nd day of July, in the year of our Lord one thousand nine hundred and forty-five.

Whereas, lately at a session of the District Court of the United States for the Northern District of Illinois, Eastern Division, in a suit pending in said Court as Number 44 C 1253, between Board of Trade of the City of Chicago, a cor-

poration, Plaintiff vs. Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, a judgment order or decree was rendered against plaintiff dismissing said cause at the cost of plaintiff, and the said Board of Trade of the City of Chicago, Plaintiff, having filed in the Clerk's Office of the District Court Notice of Appeal to the United States Circuit Court of Appeals for the Seventh Circuit, to reverse the judgment order or decree of the aforesaid suit in the United States Circuit Court of Appeals for the Seventh Circuit, to be holden at Chicago within forty (40) days from the date hereof.

Now, the condition of the above obligation is such, that if the said Board of Trade of the City of Chicago, a corporation, shall pay the costs if the appeal is dismissed or the judgment order or decree is affirmed, or pay such costs as the appellate court may award if the judgment order or decree is modified then the above obligation to be void; otherwise to remain in full force and virtue.

Board of Trade of the City of Chicago,
a Corporation,

By Harry C. Schaack,
President.

(SEAL)

Attest:

Fred H. Clutton,
Secretary.

Sealed and delivered in presence of:
William H. Symmes

.....

.....

Approved by:

.....

.....

And on the same day, to wit, the 6th day of July, 1945, came the Plaintiff-Appellant by its attorneys and filed in the Clerk's office of said Court its certain Notice of Service and Designation of Record in words and figures following, to wit:

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff-Appellant,* vs. Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants-Appellees.*	Civil Action No. 44 C 1253

NOTICE OF SERVICE

To:

George F. Barrett, Attorney General,
Albert J. Meserow, Assistant Attorney General,
208 South La Salle Street.

Irvin Rooks,
Lee A. Freeman,
135 South La Salle Street.

You are hereby notified that we are filing with the District Court of the United States for the Northern District of

Illinois, Eastern Division, the attached Designation of Record for appeal.

Weymouth Kirkland,
Howard Ellis,
William H. Symmes,

Attorneys for Plaintiff-Appellant.

Received a copy of the above Notice of Service and Designation of Record therein mentioned this 5th day of July, A. D. 1945.

George F. Barrett,
Albert J. Meserow,
Irvin Rooks,
Lee A. Freeman,
Attorneys for Defendants-Appellees.

IN THE DISTRICT COURT OF THE UNITED STATES
Northern District of Illinois
Eastern Division

Board of Trade of the City of Chicago, a corporation, *Plaintiff-Appellant,* vs. Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val. J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, *Defendants-Appellees.*	Civil Action No. 44 C 1253

DESIGNATION OF RECORD

To the Clerk of the District Court of the United States for the Northern District of Illinois:

Board of Trade of the City of Chicago, a corporation, plaintiff in the above-styled action, now designates the fol-

lowing material for the transcript of record on the appeal in said action:

1. The complaint, including all exhibits filed therewith, filed October 19, 1944.

2. Motion of plaintiff for preliminary injunction, filed October 23, 1944.

3. Appearances of defendants.

4. Verified answers of defendants to motion for injunction, filed December 28, 1944.

5. Answer of George F. Barrett, Attorney General of the State of Illinois, to plaintiff's motion for a preliminary injunction, filed December 28, 1944.

6. Motion of Illinois Commerce Commission and its members to strike the plaintiff's complaint and dismiss the cause, filed December 28, 1944.

7. Answer of Illinois Commerce Commission and its members to plaintiff's motion for a preliminary injunction, filed December 28, 1944.

8. Answer of Rice defendants, filed December 30, 1944.

9. Memorandum opinion of Judge Igoe, dated June 15, 1945.

10. The findings of fact and conclusions of law filed herein and order entered June 26, 1945.

11. The final judgment entered June 26, 1945.

12. The notice of appeal with date of filing.

13. Statement of points relied upon.

14. Appeal Bond.

15. This designation of record and notice and proof of service upon defendants-appellees attached thereto.

You are requested to prepare a transcript of said record in accordance with Rule 75(g) of the Federal Rules of Civil Procedure for the District Court of the United States, and to transmit the same to the Clerk of the United States Circuit Court of Appeals for the Seventh Circuit, within 40

days from the date of the notice of appeal filed in this action, or within such extension of said time, not exceeding 90 days, as may be provided by order of the District Court.

Dated July 5, 1945.

Weymouth Kirkland,
Howard Ellis,
William H. Symmes,
Attorneys for Plaintiff-Appellant.

Post Office Address:
33 North La Salle Street,
Chicago, Illinois.

Northern District of Illinois, Eastern Division } ss:

I, Roy H. Johnson, Clerk of the District Court of the United States for the Northern District of Illinois, do hereby certify the above and foregoing to be a true and complete transcript of the proceedings had of record made in accordance with Designation filed in this Court in the cause entitled: Board of Trade of the City of Chicago, a corporation, Plaintiff, vs. Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership, Defendants, Civil Action No. 44 C 1253, as the same appear from the original records and files thereof now remaining in my custody and control.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Court at my office, in the City of Chicago, in said District, this 26th day of July A. D. 1945.

Roy H. Johnson,
Clerk.

IN THE UNITED STATES CIRCUIT COURT OF APPEALS
For the Seventh Circuit

Board of Trade of the City of Chicago, a corporation,

Plaintiff-Appellant,

vs.

Illinois Commerce Commission, John D. Biggs, William Parrillo, Frank Peska, Edwin A. Rosenstone and Val J. Washington, Commissioners of the Illinois Commerce Commission, and Daniel F. Rice & Company, a partnership,

Defendants-Appellees.

No. 8897

To Honorable Kenneth J. Carrick, Clerk:

STIPULATION

It is hereby and herewith stipulated and agreed by and between the parties to the above entitled cause, through their respective attorneys, that the printer when printing the record in the above entitled matter will omit the parts hereinafter designated, and when so stated print in lieu thereof the matter requested.

1. From Exhibit C attached to the complaint—"Rules and Regulations of the Board of Trade of the City of Chicago"—

Omit pages 92 to 104, both inclusive.
Omit pages 107 to 122, both inclusive.
Omit pages 142 to 151, both inclusive.
Omit pages 158 to 198, both inclusive.
Omit pages 203 to 207, both inclusive.
Omit pages 220 to 252, both inclusive.

2. Omit Exhibit D attached to the complaint—"Commodity Exchange Acts as Amended—Rules and Regulations of the Secretary of Agriculture Promulgated Thereunder"—and print in lieu thereof the following:

Exhibit D—Commodity Exchange Act as Amended—Rules and Regulations of the Secretary of Agriculture promulgated thereunder. Orders of Commodity Exchange Commission pursuant to Section 4(a) and order of Secretary of Agriculture pursuant to Section 5 (a) (4) of Act.

3. Omit Exhibit E attached to the complaint—"Regulations for Warehousemen Storing Grain—Regulations of the Secretary of Agriculture under the United States Warehouse Act of August 11, 1916, as Amended"—and print in lieu thereof the following:

Exhibit E—Regulations for Warehousemen Storing Grain. Regulations of the Secretary of Agriculture under the United States Warehouse Act of August 11, 1916, as amended.

4. Print word "rates" in place of word "rules" in line 17 on page 3 of memorandum opinion.

5. The attorneys for the various parties in their briefs may refer to any part of the record, although such part has not been printed, where it is considered by such attorneys that such omitted part is material to the argument or to a decision in this cause and the quotation of or reference to an unprinted part of the record shall not be grounds for objection by opposing counsel.

6. The printer will please print fifty (50) copies of the transcript of record and furnish three (3) copies each to the following:

George F. Barrett
Attorney General of Illinois
208 South LaSalle Street
Chicago, Illinois

Rooks & Freeman
135 South LaSalle Street
Chicago, Illinois

Kirkland, Fleming, Green, Martin & Ellis
33 North LaSalle Street
Chicago, Illinois

Mayer, Meyer, Austrian & Platt
231 South LaSalle Street
Chicago, Illinois

Ferre C. Watkins
135 South LaSalle Street
Chicago, Illinois

Poppenhusen, Johnston, Thompson & Raymond
11 South LaSalle Street
Chicago, Illinois

Dated: August 7, 1945.

Respectfully,

BOARD OF TRADE OF THE CITY OF CHICAGO,
Plaintiff-Appellant,

By WEYMOUTH KIRKLAND
HOWARD ELLIS
WILLIAM H. SYMMES
Its Attorneys.

ILLINOIS COMMERCE COMMISSION AND ITS MEMBERS,
Defendants-Appellees,

By GEORGE F. BARRETT
Their Attorneys.

DANIEL F. RICE & COMPANY, a partnership,
Defendants-Appellees,

By IRVIN ROOKS AND LEE A. FREEMAN
Their Attorneys.

Approved:

William M. Sparks
Circuit Judge
Aug. 9, 1945

UNITED STATES CIRCUIT COURT OF APPEALS

For the Seventh Circuit.

I, Kenneth J. Carrick, Clerk of the United States Circuit Court of Appeals for the Seventh Circuit, do hereby certify that the foregoing printed pages contain a true copy of the printed record, filed on the twelfth day of September, 1945, in:

Cause No. 8897.

Board of Trade of the City of Chicago, a Corporation,
Plaintiff-Appellant,

vs.

Illinois Commerce Commission, *et al.*,
Defendants-Appellees,

as the same remains upon the files and records of the United States Circuit Court of Appeals for the Seventh Circuit.

In Testimony Whereof I hereunto subscribe my name and affix the seal of said United States Circuit Court of Appeals for the Seventh Circuit, at the City of Chicago, this 28th day of June, A. D. 1946.

(signed) Kenneth J. Carrick,
(seal) *Clerk of the United States Circuit Court of Appeals for the Seventh Circuit.*

At a regular term of the United States Circuit Court of Appeals for the Seventh Circuit, held in the City of Chicago, and begun on the third day of October, in the year of our Lord one thousand nine hundred and forty-four and of our Independence, the one hundred and sixty-ninth.

Board of Trade of the City of Chicago, a Corporation,
Plaintiff-Appellant,
8897 *vs.*
Illinois Commerce Commission, *et al.*,
Defendants-Appellees.

Appeal from the District Court of the United States for the Northern District of Illinois, Eastern Division.

And, to-wit: On the eighth day of May, 1946, the following further proceedings were had and entered of record, to-wit:

Wednesday, May 8, 1946.

Court met pursuant to adjournment.

Before:

Hon. J. Earl Major, Circuit Judge.
Hon. Otto Kerner, Circuit Judge.
Hon. Charles G. Briggle, District Judge.

Board of Trade of the City of Chicago, a Corporation,
Plaintiff-Appellant,
8897 *vs.*
Illinois Commerce Commission, *et al.*,
Defendants-Appellees.

Appeal from the District Court of the United States for the Northern District of Illinois, Eastern Division.

Now this day come the parties by their counsel, and this cause comes on to be heard on the transcript of the record and the briefs of counsel, and on oral argument by Mr. Howard Ellis, counsel for appellant, and by Mr. Lee A. Freeman and Mr. William C. Wines, counsel for appellees, and the Court takes this matter under advisement.

And afterwards, to-wit: On the seventh day of June, 1946, there was filed in the office of the Clerk of this Court, the Opinion of the Court, which said opinion is in the words and figures following, to-wit:

IN THE UNITED STATES CIRCUIT COURT OF APPEALS

For the Seventh Circuit.

October Term, 1945, April Session, 1946.

Board of Trade of the City of Chicago, a Corporation, *Plaintiff-Appellant,* vs. Illinois Commerce Commission, *et al.*, *Defendants-Appellees.*	Appeals from the District Court of the United States for the Northern District of Illinois, Eastern Division.
8897	
Great Lakes Elevator Corporation, *et al.*, *Plaintiffs-Appellants,* vs. Illinois Commerce Commission, *et al.*, *Defendants-Appellees.*	
8898	

June 7, 1946.

Before MAJOR and KERNER, *Circuit Judges*, and BRIGGLE, *District Judge*.

MAJOR, *Circuit Judge*. These are separate appeals from an order of the District Court, entered June 26, 1945, denying plaintiffs an injunction and sustaining defendants' motion to strike plaintiffs' complaint, and dismissing their causes of action. The appellant in No. 8897 is the Board

of Trade of the City of Chicago, and the appellants in No. 8898 are operators of warehouses for the storage of grain located in Chicago, Illinois. The latter have been licensed by the Secretary of Agriculture of the United States (hereinafter referred to as the Secretary), pursuant to the United States Warehouse Act (7 U. S. C. A. § 241, *et seq.*) (hereinafter referred to as the Warehouse Act). The appellees in both appeals are the Illinois Commerce Commission, the members of such Commission, Daniel F. Rice & Company and the Attorney General of Illinois. While separate briefs and arguments have been submitted to this court in behalf of the parties in each appeal, the questions for decision are of a kindred nature and we are of the view that both appeals may be appropriately considered and disposed of in the same opinion.

On July 28, 1944, Daniel F. Rice & Company (hereinafter referred to as Rice) caused to be filed before the Illinois Commerce Commission (hereinafter referred to as the Commission) their complaint against the appellants in Nos. 8897 and 8898, alleging violations of the Public Utility Act and the Illinois Grain Warehouse Act of the State of Illinois. Subsequently, there was filed before the Commission separate motions by the Board of Trade and by the warehousemen to dismiss such proceeding on the ground that the Commission was without jurisdiction. On October 10, 1944, the Commission, after consideration of briefs and oral argument, entered its order denying the motions to dismiss the Rice complaint and setting the cause for hearing on October 24, 1944.

Thereupon, the Board of Trade and the warehousemen filed in the District Court separate complaints for the purpose of enjoining the Rice defendants from the further prosecution of their proceedings before the Commission, of enjoining the Commission from entertaining further jurisdiction of said matter and the Attorney General of the State of Illinois from instituting any proceeding against the instant plaintiffs for the purpose of enforcing any order of the Commission in the case now pending before it. Motion to dismiss each of the complaints were interposed. The two causes were consolidated for hearing in the court below, and such motions to dismiss were allowed in a single order. As stated, there are two appeals from this order, one in No. 8897 and the other in No. 8898.

The contested issues in these appeals are predicated

upon a similar pattern. While stated by the respective parties in somewhat different phraseology, the essential question for decision on the merits is whether the federal government has by legislation so occupied and pre-empted the field of regulation of the Board of Trade in one appeal and the warehousemen in the other as to deprive the Commission of authority to grant the relief and therefore to regulate in the manner prayed for by Rice. In contending that the federal government has so occupied and pre-empted the field, the Board of Trade (appellant in No. 8897) relies upon the Commodity Exchange Act (7 U. S. C. A. § 1 *et seq.*), and the warehousemen (appellants in No. 8898) rely upon the Warehouse Act (7 U. S. C. A. § 241, *et seq.*). While these legislative enactments are separate and distinct, they are as applied to the facts of this case somewhat dependent upon each other, as will be hereinafter disclosed. Another issue raised by the Attorney General of Illinois is that the court below was without jurisdiction to hear and decide the questions presented.

We shall first consider the appeal by the warehousemen (No. 8898). In so doing, it appears desirable to relate further the facts as alleged in the complaint. Jurisdiction was alleged because the controversy arose under the laws of the United States, more particularly under the Warehouse Act, together with the regulations promulgated thereunder, and also by reason of Article 1, Section 8, Clause 3 of the United States Constitution. It was alleged that each of the plaintiffs was engaged in the public storage of grain for hire for interstate commerce under a license duly issued by the Secretary, pursuant to the Warehouse Act, and under a schedule of rates, charges and practices duly filed with the said Secretary, as required by law, and that each of said plaintiffs as a holder of such license was subject to said Warehouse Act and the rules and regulations duly promulgated thereunder. Each of the plaintiffs, except Great Lakes Elevator Corporation, dealt in grain, both on its own account and as agent for others.

The grain market at Chicago is the world's largest grain market. For the year ending December 31, 1943, approximately two billion bushels of grain were shipped into and out of that market both by rail and water, from and to states other than Illinois. Over 90% of the trade in grain futures contracts in the United States was transacted at the said market on the said Board of Trade, a corporation

which has been designated a contract market by the Secretary under the Commodity Exchange Act. Under that Act futures contracts on the Board of Trade and other contract markets may be satisfied by offsetting settlements between the contracting parties, by delivery in kind of the grain involved in the contract, or by the delivery of valid negotiable warehouse receipts of certain characteristics, including receipts issued under the Warehouse Act. The warehouse receipts issued to plaintiffs were issued under, and complied in all respects with the Warehouse Act, and were in general use upon the said Board of Trade in satisfaction of futures contracts on the interstate market, and as such were instruments of interstate commerce.

Then follows a review of the proceedings initiated by Rice before the Commission, plaintiffs' motions to dismiss and the action of the Commission thereon, as heretofore related and which need not be further detailed at this point. It was alleged that each of the plaintiffs, except Great Lakes Elevator Corporation, did business as an owner and merchandiser of grain and regularly stored, for interstate commerce, grain owned by it as well as that of others, in its warehouse or warehouses; that this right was permitted by the Warehouse Act and regulations, but that under the Constitution of the State of Illinois as construed by the Illinois Supreme Court it was illegal for a public warehouseman to store his own grain in a public warehouse operated by him. It was alleged that plaintiffs issued to themselves negotiable warehouse receipts for grain, in form prescribed by the Warehouse Act, representing in the aggregate many millions of dollars annually, and that such receipts represent the grain belonging to the owners of such warehouses. Such receipts were used by plaintiffs for the purpose of transferring title to such grain in sales to others and also as collateral for commercial loans obtained from banks. Such receipts were also used by others for a similar purpose. Many of such warehouse receipts were alleged to be outstanding and pledged as collateral for such loans. It was alleged that an application of the Illinois law would make the storing of such grain illegal and would destroy and seriously impair the value of such warehouse receipts in commercial transactions.

It was alleged that a hearing by the Commission on the Rice complaint would have the immediate effect of creating a cloud upon such warehouse receipts outstanding or to be

issued and that plaintiffs as well as the public would be subjected as a result to irreparable damages. It was further alleged that plaintiffs were subject to fine and imprisonment for failure to take out a state license under the Illinois law, and that the Commission by its refusal to dismiss the Rice complaint has decided that plaintiffs are subject to the laws of the State of Illinois and the penalties provided for violations thereof.

Each of the plaintiffs filed an affidavit in support of the motion for preliminary injunction, disclosing in detail the national scope of its business. These affidavits show the amount of grain in bushels and value shipped and received by such warehouses from states other than Illinois. (We see no occasion to detail such information inasmuch as no question is here raised but that plaintiffs were engaged in interstate commerce.) The affidavits recite the issuance by each of the plaintiffs of warehouse receipts on forms furnished by the Department of Agriculture, which state on their face that the grain received by each warehouseman was "for storage in the course of interstate or foreign commerce." For the purpose of showing the value of the federal licenses held by plaintiffs, the amount of grain for a designated period stored in each warehouse, including that owned by the warehouseman against which receipts were outstanding, was disclosed. The affidavits further show that each of the plaintiffs has filed with the Secretary schedules of rates and charges for the storage and handling of grain, and that each is regularly inspected and examined by representatives of the United States Department of Agriculture. It was further disclosed by the affidavits the amount of grain stored by the United States government during a designated period in each of the warehouses operated by plaintiffs. We see no reason to state the amount disclosed as to each warehouse. It is sufficient to state the amount was large; for instance, that stored by the Santa Fe elevator for a twelve month period was for 4,663,469 bushels.

The Attorney General, on behalf of himself and the Commission, raises the question that the lower court was without jurisdiction to entertain the complaint, contending that the suit was one requiring the convocation of a three-judge court, under § 266 of the Judicial Code (28 U. S. C. A. § 380), that the suit was inhibited by the Johnson Act (§ 24 (1) of the Judicial Code, 28 U. S. C. A. § 41 (1), as amended

in 1934), and that interstate commerce was not involved. While Rice made the same contention before the District Court, they have not raised the question here. The position of the Attorney General is predicated upon the erroneous premise, so we think, that plaintiffs by their bill sought to invalidate a state law as being in conflict with the federal Constitution or an enactment of Congress. The case was tried below and is presented here solely on the theory that the state law in question was superseded and rendered inoperative by federal enactment which has "pre-empted" the field in controversy. If the plaintiffs had succeeded below or if they succeed in this court, it would not mean that any provision of the Illinois law or Constitution has been invalidated. It would only mean that such law or constitutional provision is inapplicable to a situation such as the instant one.

§ 266 of the Judicial Code must be complied with only where the injunction is sought "upon the ground of the unconstitutionality of such statute," and § 24 (1) of the Judicial Code inhibits a federal court from taking jurisdiction where it is sought to enjoin the action of an administrative board, etc., where jurisdiction is based "solely upon the ground of diversity of citizenship, or the repugnance of such order to the Constitution of the United States." It appears evident that neither of these provisions is controlling. Moreover, in the recent case of *Cloverleaf Butter Co.* v. *Patterson*, 315 U. S. 148, the complaint alleged, as in the instant case, that the federal statute preempted and occupied the field so as to deprive the state agency of jurisdiction. The case was heard by a single judge. The jurisdictional question was raised in the Court of Appeals, 116 F. 2d 227, 230, wherein the court stated: "The suit was not one for three judges. It did not attack the constitutionality of the Alabama statutes, it affirmed their constitutionality." The Supreme Court (315 U. S. 148) decided the case on its merits without reference to the jurisdictional question. See also *Ex Parte Bransford*, 310 U. S. 354, 358; *Ex Parte Buder*, 271 U. S. 461; and *Ex Parte Hobbs*, 280 U. S. 168. While other points argued by the Attorney General on the jurisdictional phase have been noted, we think they are without merit.

This brings us to a consideration of the case on the merits. No question is raised but that Congress had the authority to exercise all regulatory power over federally

licensed warehouses to the exclusion of the state. In fact, such authority on the part of Congress is conceded. The question is, did Congress by the Warehouse Act intend to occupy and pre-empt the field to the exclusion of state authority? That the question is a troublesome one is evidenced by the legion of cases in which it has been considered. A discussion of the numerous cases relied upon by the respective parties for the purpose of distinguishing or reconciling them would perhaps be futile and serve no useful purpose. Reference to a few of the latest Supreme Court opinions will suffice.

In *Southern Pacific Co.* v. *Arizona*, 325 U. S. 761, 766, the court stated:

> "Congress, in enacting legislation within its constitutional authority over interstate commerce, will not be deemed to have intended to strike down a state statute designed to protect the health and safety of the public unless its purpose to do so is clearly manifested, (citing cases), or unless the state law, in terms or in its practical administration, conflicts with the Act of Congress, or plainly and palpably infringes its policy. (Citing cases.)"

In *Hines* v. *Davidowitz*, 312 U. S. 52, 67, the court stated:

> "Our primary function is to determine whether, under the circumstances of this particular case, Pennsylvania's law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress."

The case on its facts and questions decided most similar to the instant one is that of *Cloverleaf Butter Co.* v. *Patterson, supra*. The court (page 155) enumerates many cases in support of two propositions: (1) "Where this power to legislate exists, it often happens that there is only a partial exercise of that power by the federal government. In such cases the state may legislate freely upon those phases of the commerce which are left unregulated by the nation," and (2) "But where the United States exercises its power of legislation so as to conflict with a regulation of the state, either specifically or by implication, the state legislation becomes inoperative and the federal legislation exclusive in its application."

We think it is fair to conclude that plaintiffs' contention in the instant matter is that this case falls within the sec-

ond category, while defendants contend that it falls within the first. In other words, defendants appear to concede that there has been a partial invasion of the field by the federal government but that a portion has been left open to the state, and included therein are those matters of which the Commission has assumed jurisdiction as a result of the Rice complaint.

Plaintiffs argue that Congress has specifically taken over all regulatory power concerning federally operated warehouses, or in the alternative, that it has done so by implication, and that exercise by the Commission of the matters before it "plainly and palpably infringes," the policy of Congress or presents an "obstacle to the accomplishment and execution of the full purposes and objectives of Congress."

The United States Warehouse Act was originally enacted in 1916. As thus enacted, Sec. 29 (7 U. S. C. A. Par. 269) provided:

> "* * * nothing in this Act shall be construed to conflict with, or to authorize any conflict with, or in any way to impair or limit the effect or operation of the laws of any State relating to warehouses, warehousemen * * * but the Secretary of Agriculture is authorized to cooperate with such officials as are charged with the enforcement of such State laws in such States and through such cooperation to secure the enforcement of the provisions of this Act * * *."

In *Independent Gin & Warehouse Co.* v. *Dunwoody*, 40 F. 2d 1, the Court of Appeals for the Fifth Circuit, relying upon the provisions just quoted, affirmed a decree of the District Court which had refused to enjoin the state officials of Alabama from enforcing certain state regulations applicable to warehouses. Shortly thereafter (in 1931), Congress amended § 29 to read as follows:

> "In the discretion of the Secretary of Agriculture he is authorized to cooperate with State officials charged with the enforcement of State laws relating to warehousemen, weighers, graders, inspectors, samplers or classifiers; but the power, jurisdiction and authority conferred upon the Secretary of Agriculture under this chapter shall be exclusive with respect to all persons securing a license hereunder so long as said license remains in effect. * * *"

A literal reading of this amended section furnishes strong support for plaintiffs' contention. Both the House Committee Report (H. Rept. 4, 71st Cong., 1st Sess., p. 4) and the Senate Committee Report (S. Rept. 1775, 71st Cong., 3rd Sess., p. 2) furnish further support to the theory that Congress by this amendment intended to eliminate the dual jurisdiction which had theretofore existed between the federal and state governments as to federally-operated warehouses. In a footnote we quote some of the more important statements contained in these reports.[1]

The only case of which we are aware wherein a court has considered the precise issue presented here is *In re Farmers Cooperative Ass'n.*, 8 N. W. 2d 557, decided by the Supreme Court of South Dakota in 1943. The opinion discloses that the licensing feature; in fact the general provisions of the South Dakota law concerning warehouses, are quite similar to those in Illinois. Two questions were before the court: (1) did the warehousemen fall within the reach of the power granted to Congress by the commerce clause of the Constitution? and (2) if so, did Congress intend to exert that power when it enacted the United States Warehouse Act? The first question, not involved in the instant case, was answered in the affirmative, notwithstanding the warehouse in question was local in character and not a part of interstate commerce. This conclusion was

1. In the House Report it was stated: "Under Section 29 • • • of the law as at present, if the Federal Act in any way conflicts with the State law, the Federal law becomes subservient to the State law in so far as there is a conflict. The result is that the Federal law can be negatived by State legislation. • • • To make the law accomplish the real purpose of Congress, it should be independent of any State legislation on the subject."

In the Senate Report it was stated: "Section 29 of the act now provides (quoting from Sec. 29). The effect of this wording is to make the Federal act subservient to State acts wherever there is a conflict. As might be expected there are conflicts between State laws and the Federal act. Since the law specifically makes the Federal act subservient to State laws in case of conflict, this feature militates against the full value of Federal warehouse receipts for collateral purposes. The amendment proposed to this section would make the Federal act independent of State laws. In other words, it would place the Federal act on its own bottom."

The Report referred to the permissive feature of the federal Act and stated: "• • • if it is decided to secure a license under the Federal act then the warehouseman would be authorized to operate without regard to State acts and be solely responsible to the Federal act. • • • In other words, it leaves it with the warehousemen to decide whether they wish to operate under the State or Federal law and having made their choice they shall then be permitted to operate without interference on the part of any agency."

reached on the theory that the business of the warehouse affected interstate commerce. In an affirmative answer to the second proposition, the court, in denying the contention that the state and federal Acts were not in conflict, stated: "The collision between these acts is head on. It is but a question of which master the Cooperative must serve." The court then refers to § 29 as amended in 1931, and states:

> "We interpret this as a clear grant of discretionary power to the Secretary of Agriculture, to achieve the congressional aim either through cooperation with state officials in promoting state regulation, or by direct federal control. When the latter course is followed both by reason of the terms of the act, and the paramount nature of federal power, the federal control displaces state control."

In connection with this South Dakota decision, see *Bacon Grain Co.* v. *City of Chicago*, 325 Ill. App. 245, 253.

At the same time that Congress amended § 29 it also amended § 6 (7 U. S. C. A. Par. 247), which makes provision for the execution of a bond by warehousemen applying for a federal license. Prior to the amendment the section required a bond "to secure the faithful performance of his obligations as a warehouseman under the laws of the State, district or territory in which he is conducting such warehouse, as well as under the terms of this Act * * *." By the 1931 amendment the requirement that the bond be conditioned upon compliance with the laws of the State, district or territory in which the warehouse was conducting business was eliminated and it was only required that the bond be conditioned upon compliance with the federal act and federal regulations thereunder. Referring to this amendment, the Senate Committee Report (heretofore noted) stated: "* * * again this amendment to Section 6 naturally follows the amendment suggested to Section 29."

Another legislative expression of some significance is found in the Commodity Exchange Act (§ 5 (a), 7 U. S. C. A. Par. 7a (7)). This section makes it mandatory that receipts issued under the Warehouse Act be accepted in satisfaction of any futures contract without discrimination and "notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any State or enjoys other or different privileges than under State law."

In this connection it is pertinent and of some importance to note that in *Cloverleaf Butter Co.* v. *Patterson, supra,* the court (page 155), cites in footnote 5 *Merchants Exchange* v. *Missouri,* 248 U. S. 365, 368, as one of the cases holding that the state was free to legislate upon matters left unregulated by the nation. True, the court in the *Merchants* case referred to § 29 of the Warehouse Act as manifesting the purpose of Congress not to supersede state laws. This reference, however, was made prior to the time § 29 was amended in 1931. More significant is that the court in the *Cloverleaf* case in footnote 6 (page 156) cites § 29 as an instance where Congress had specifically exercised its power of legislation so as to conflict with the regulation of the state, and that the federal legislation became exclusive in its application. The footnote reference was to § 29 as amended in 1931. Thus we have the court in the same opinion treating § 29 before it was amended as an illustration of dual authority and § 29 after it was amended as providing for sole authority in the federal government.

Defendants profess to discern from the language employed by Congress a purpose and intent to permit the states to share the control over federally licensed warehousemen. It is suggested that the language in § 29 as amended in 1931, by which the Secretary "is authorized to cooperate with state officials relating to warehousemen" recognizes such purpose. We think it more likely that Congress by this language recognized the existence of state laws over all warehouses even though they were instrumentalities of interstate commerce unless and until they had made application and obtained a license under the federal Act. If Congress intended to share with the states the control of the latter class of warehouses, it would seem that there was no real purpose for the amendments of 1931.

Defendants also make the point that the exclusive authority of the Secretary provided in § 29 is confined to that conferred "under this chapter," meaning the federal Warehouse Act. In connection with this point, much stress is placed upon a statement in *United States* v. *Hastings,* 296 U. S. 188, 199, wherein the court said with respect to amended § 29:

> "The amendment of 1931, with respect to conflict with the operation of state laws, does not militate against this limitation, for while the amendment as-

serts the exclusive authority of the Secretary of Agriculture, it has relation to the authority conferred by the Act * * *."

The court there had before it the question of the sufficiency of an indictment which charged a theft from a federally licensed warehouse. The indictment was held bad for the reason that there was a failure to allege that the product stolen from the warehouse had been stored for interstate commerce, which the court held was essential to make the Federal act applicable. It was in this connection that the court made the statement just quoted. How this has any bearing upon the instant situation we are unable to discern. Evidently the Act in its relation to warehouses is limited to interstate commerce, and the Secretary's jurisdiction necessarily is confined to that field.

Defendants also stress the point that the obtaining of a license under the Act is permissive. We are unable to see how that affects the situation. It only means that the warehouseman may exercise an option as to whether he will operate under the state or federal law. When he exercises such option in favor of the latter, complies with its terms and has been issued a license, he is under the Act as definitely and certainly as though it was a mandatory requirement on his part. No vacuum is created, as defendants argue. Before he is issued a federal license he is under the control of the state, but after the federal license has been issued he is under the jurisdiction of the Secretary.

Defendants argue that the federal Act "in nature, form and intent is essentially a warehouse receipt Act" and that the purpose of its enactment was to establish "a warehouse receipt of respected value so that it would be accepted as collateral on loans." Whether the Act should be thus narrowly construed is open to argument, although a study of its provisions together with the legislative history lends support to the contention. Assuming, however, that this theory is correct, we are of the view that it is of little if any benefit to defendants' position. The importance which Congress attached to warehouse receipts is illustrated by the numerous conditions required as a prerequsite to their issuance. (See 7 U. S. C. A. § 260.) From their very nature it is reasonable to conclude that Congress intended that the federal government take over all authority necessary to preserve their legality, negotiability, safety and value. This

in itself required a broad field of control. It must be remembered that these receipts were issued against the grain stored in the warehouse and were conclusive evidence of ownership thereof. Exclusive jurisdiction over the receipts having been conferred upon the Secretary, it seems unreasonable to conclude that he should be required to share with the state jurisdiction over the grain against which the receipts were issued and over the warehouses in which such grain was stored. The efficient handling and preservation of such grain in a warehouse suitable and properly adapted to its storage was highly essential if the Secretary was to discharge properly the responsibility placed upon him in connection with the receipts.

Assuming arguendo that the Secretary was not given express authority over the matters now before the Commission (charged in the Rice complaint), it seems that such authority was clearly implied. This view is strongly supported by the decision in *Cloverleaf Butter Co.* v. *Patterson, supra,* where the court sustained the authority of a federal agency to the exclusion of state authority. The product involved was butter. The federal agency was given express authority over the finished product known as renovated butter but not over packing house butter. It was held that express authority over the former carried with it implied authority over the latter. The court on page 169 stated, "Congress hardly intended the intrusion of another authority during the very preparation of a commodity subject to the surveillance and comprehensive specifications of the Department of Agriculture," and that to so construe the federal Act "would not only hamper the administration of the federal act but would be inconsistent with its requirements."

A detailed discussion of the numerous violations charged in the Rice complaint would unduly prolong this opinion. We shall merely attempt to state the various matters complained of and show that the Secretary in the main has explicit authority with reference thereto. In this connection it is pertinent to observe that the Secretary (7 U. S. C. A. § 268) is authorized to promulgate all rules and regulations regarded by him as necessary for the efficient execution of the Act. In conformity with this provision, the Secretary has promulgated voluminous regulations designed no doubt to cover every feature of the management, control and operation of federally licensed warehouses, the storage of

grain therein and the issuance of warehouse receipts. No point is made by defendants but that these regulations are within the authority conferred by Congress upon the Secretary.

Perhaps the most important, at least the most controverted, charge is that the plaintiffs' warehousemen "have unlawfully maintained and do now maintain unjust, unreasonable and excessive rates and charges for services rendered, contrary to Sec. 32 of the Public Utility Act of Illinois." § 25 of the Warehouse Act provides that the Secretary may, after hearing, revoke a warehouseman's license "upon the ground that unreasonable or exorbitant charges have been made for services rendered." § 23 requires that reports be made to the Secretary concerning the "conditions, contents, operation and business" of the warehouse in such form and at such times as the Secretary may require. The rules and regulations promulgated by the Secretary under the Act require not only the filing of a schedule of charges but also the filing of a statement of any proposed change, together with the reason therefor, and it is required that such charges be conspicuously posted in the principal office of the warehousemen.

Defendants contend that there is no conflict between the two authorities because the authority to initiate or fix rates is solely a matter for the state and the Secretary has only the power to determine when rates are unreasonable or exorbitant, in other words, what might be termed a veto power. We think the contention is not tenable. It must be remembered that one of the conditions upon which the Secretary is authorized to issue a license is the showing by the applicant therefor that the charge which the latter proposes to make is not unreasonable or exorbitant. This is a matter solely for the determination of the Secretary. Assuming that the state authority has the right to fix such rate, it would of course have the right to determine a rate higher than that determined by the Secretary to be not unreasonable or exorbitant. In such a situation the warehouseman would be subjected to the penalty provided for a failure to comply with the state rate, and at the same time in order to procure or retain a federal license he would be compelled to violate such rate. Certainly a warehouseman could neither fix nor raise his charge without the approval of two separate and distinct authorities. We suppose that the essential function of a rate making body is to determine

rates which will be fair both to the utility and to the public, and it appears plain that the Secretary is vested with the authority to accomplish such purpose.

It was charged in the Rice complaint that plaintiffs or some of them violated Article XIII of the Illinois Constitution by dealing in grain owned and stored by them in their own warehouses. This provision of the Illinois Constitution was sustained in *Hannah* v. *People*, 198 Ill. 77. Affidavits filed in support of plaintiffs' bill disclose that several million bushels of grain were stored in plaintiffs' warehouses which were owned by them and for which receipts had been issued under federal authority. § 18 of the Act (Par. 260 U. S. C. A.) provides for the contents of receipts, and Par. (i) states, "If the receipt be issued for agricultural products of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership" shall be shown. It is argued that this provision does not authorize a federally licensed warehouseman to store his own grain. We think it does. The fact that the Secretary has permitted such storage indicates that he has so construed the Act. To sustain defendants' contention on this point would immediately invalidate receipts of the value of millions of dollars. It would seriously impair one of the main purposes of the Act, that is, the integrity of warehouse receipts.

Plaintiffs were charged with discrimination against Rice, public grain producers, owners, shippers, dealers, etc., and with granting preferences and advantages to the federal government and agencies thereof, contrary to a provision of the Utility Act of Illinois. The manner of the alleged discrimination is not stated except it is asserted that the federal government and its agencies are charged a lower rate than that charged Rice.

§ 13 of the Act (Par. 254 U. S. C. A.) prohibits the discrimination by warehousemen and provides for storage "without making any discrimination between persons desiring to avail themselves of warehouse facilities." It would appear that this provision gives the Secretary authority to prevent discriminations either in favor of or against any person employing warehouse facilities. Although it appears that plaintiffs have favored the federal government and its agencies in the storage of grain, it is shown that the Secretary had knowledge thereof and acquiesced therein.

It was charged that some of plaintiffs received undue preferences and discriminated by mixing high quality grain with their own inferior grain, sacrificing part of storage charges to effect purchases and sale of grain, and rebating storage charges, retaining desirable transit tonnage for their own use, storing their own grain in warehouses with more reasonable insurance rates and unduly delaying loading of grain, all in violation of provisions of the Utility and Grain Warehouse Acts of Illinois. These are all matters, in our judgment, completely within the sphere of the federal regulatory power. As already noted, the federal Act permits a warehouseman to store his own grain, and the Secretary is authorized to prevent discrimination. In addition, § 15 requires inspection and grading of fungible agricultural products stored in the federally licensed warehouses; § 16 prohibits the mixing of fungible agricultural products of different grades; § 30 provides for fine and imprisonment for the fraudulent grading of agricultural products stored under the Act, and § 21 requires that stored products be delivered upon proper demand without unnecessary delay.

Plaintiffs or some of them were charged with maintaining unsafe, inadequate and inefficient warehouses, resulting in exorbitant and prohibitive insurance rates and in rendering inefficient service resulting in a deterioration of the grain stored in such warehouses. § 3 of the Act authorizes the Secretary of Agriculture: (1) "* * * to determine whether warehouses for which licenses are applied for or have been issued under this Act are suitable for the proper storage of any agricultural product or products," and (2) "* * * to prescribe * * * the duties of the warehousemen conducting warehouses licensed under this Act with respect to their care and responsibility for agricultural products stored therein." § 23 requires a warehouseman to make reports to the Secretary concerning the condition, contents, operation and business of a warehouse in such form and at such times as the Secretary may require. § 24 authorizes the Secretary to examine agricultural products stored in licensed warehouses and publish his findings. It appears that the affirmative authority thus conferred upon the Secretary by §§ 3, 23 and 24 is such as to give him control over the warehouses and the grain stored therein in the manners complained of in this paragraph.

Plaintiffs were charged with rendering services without

filing and publishing rates, rules and regulations as required by the state. Under regulation 5, § 3 of the Regulations, a federal licensee is required to file with the Secretary a schedule of charges to be made as well as a copy of the rules under which he operates. The regulation further provides that a copy of such rules and schedule of charges must be posted in the principal office of a warehouseman.

Another charge against plaintiffs was that they or some of them abandoned and discontinued service without the approval of the Commission. § 5 of the Act provides for the termination of a federal license for failure to comply with the terms of the Act. As already shown, § 3 authorizes the Secretary to determine the suitability of a federal warehouse for the storage of agricultural products. It thus appears that the Secretary is authorized to determine when a warehouse should be abandoned, and that such determination is enforceable by revocation of the license. The mere issuance of a federal license carries with it the representation of a determination by the Secretary that the warehouse is suitable for the storage of grain. Suppose the Commission should find that the same warehouse should be abandoned. We think this would present a direct conflict between the Secretary and the Commission. Suppose on the other hand that the warehouseman holding a federal license desires to abandon the service: Being under bond exclusively to the federal agent, he could only do so by satisfying the bond and surrendering his license. When that was accomplished, control would revert to the state and the Commission.

The complaint further charged the plaintiffs with charging unjust, unreasonable and discriminatory rates, operating without a state license and mixing public grain with grain of different grades. We have already referred to the authority of the Secretary concerning these matters and we need not discuss them further. It is sufficient to state that we are of the view that the Secretary has express authority over such matters and that any authority exercised by the state would be directly in conflict therewith.

Finally, plaintiffs were charged with having violated the Illinois Statute by failing to secure approval of the Commission of contracts with affiliates, with other public utilities and by failing to obtain authority to issue securities. While we find nothing in the Act which expressly relates to

such matters, we think, for the reasons already stated, that the Secretary has implied authority to deal therewith.

In our view, all of the matters charged in the Rice complaint, on which the Commission has assumed jurisdiction and is about to act, concern directly or indirectly the operation of federally licensed warehouses and the storage of grain therein for which receipts are issued. The allowance of such relief by the Commission on the charges thus made would conflict with the Warehouse Act or "plainly and palpably infringes its policy." The exercise of such authority by the Commission would thwart the primary purpose which Congress sought to accomplish. Thus viewing the situation it follows that the order appealed from must be, and is hereby, reversed, with directions to overrule the defendant's motion to strike the complaint and to proceed in accordance with the views herein expressed.

This brings us to a consideration of the appeal in No. 8897, which we think may be disposed of in rather short order. This is so, as we view the situation, because our conclusion in No. 8898 is largely and perhaps completely determinative of that which must be reached on this appeal.

The Board of Trade relies upon the Commodity exchange Act (§§ 1-17 (a), Title 7 U. S. C. A.) as conferring upon the Secretary of Agriculture exclusive jurisdiction of all regulatory authority over it and similar instrumentalities. The provisions of the Act as well as the rules and regulations promulgated under the authority contained therein are lengthy and we think it is not necessary to set them forth or discuss them in detail. It is sufficient to state that we have given them careful consideration and think that Congress intended and expressly provided for exclusive federal control and authority over the agencies to which the Act is applicable, including the Board of Trade.

As shown in our discussion of appeal No. 8898, the Commodity Exchange Act is closely related to the United States Warehouse Act; in fact, in some instances the provisions of the two Acts are overlapping. The gist of the Rice charge of which the Commission has assumed jurisdiction is:

> "The Chicago Board of Trade has from time to time during the last ten years adopted new rules and regulations, and amended existing rules and regulations, relating to the warehousing of grain in public warehouses and the custody of grain in private warehouses, without securing the approval of the Illinois Commerce Com-

mission before placing said new or amended rules and regulations in effect. Such action constitutes a violation of Section 194b of the Illinois Grain Warehouse Act."

The relief prayed for before the Commission was:

"Declare inoperative and void such rules and regulations of the Chicago Board of Trade, or amendments thereto, which have not received prior approval of the Illinois Commerce Commission, and further require said Chicago Board of Trade to adopt and submit for approval, rules and regulations which are fair, equitable, adequate and specific."

Not only was the charge predicated upon § 194 (b) of the Illinois Grain Warehouse Act (Ill. Rev. Stats., 1941, Chap. 114, § 194 (b)), but is conceded that this is the sole provision which confers or purports to confer any authority in the Commission over the Board of Trade.

§ 194 (b) provides:

"No rule or regulation of any board of trade or grain exchange which relates to the warehousing of grain in any public grain warehouse, or which relates to the custody of grain in any private warehouse, or the use or negotiation of custodian's receipts for such grain, shall be or become operative until such rule or regulation is approved by the Illinois Commerce Commission, and the Illinois Commerce Commission may adopt and promulgate reasonable rules and regulations consistent with the provisions of this Act for the purpose of making this Act effective."

As we read this provision, the authority of the Commission is limited to (1) warehousing of grain in any public warehouse, (2) the custody of grain in any private warehouse, and (3) the use or negotiation of custodian's receipts for such grain. In short, it has to do only with the warehousing of grain and the use of warehouse receipts.

As we have shown in appeal No. 8898, the Secretary of Agriculture has exclusive authority over warehouse receipts, including the terms or contents thereof, as well as the storage of grain against which such receipts are issued and the warehouse in which such grain is stored. Again we call attention to § 5 (a) (7 U. S. C. A. Par. 7 (a) (7)) of the Commodity Exchange Act which provides that receipts

issued under the United States Warehouse Act "shall be accepted in satisfaction of any futures contract, made on or subject to the rules of such contract market, without discrimination and notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any state or enjoys other or different privileges than under state law." This provision, as we understand, makes it mandatory that the Board of Trade accept receipts issued under the authority of the United States Warehouse Act, even though the warehouseman is not licensed by the state.

It is plain, so we think, that any rule or regulation promulgated by the Board of Trade relative to its transactions in warehouse receipts must conform to and be consistent with the requirements of the federal authority in connection therewith. Any rule or regulation in conflict with or in excess of such authority would be invalid, and this would be so whether or not it was approved by the Illinois Commission. It is equally plain that any rule or regulation promulgated by the Commission concerning the same subject matter, which conflicted with or exceeded the power vested in the federal authority, would be of no effect. We therefore are of the view that Congress has invaded the precise field occupied by the Illinois Commission by reason of § 194 (b) of the Illinois Grain Warehouse Act and has rendered its authority inoperative.

It follows that the order appealed from must also be reversed as to the Board of Trade. It is so ordered, with directions to overrule the defendants' motion to strike the complaint and to proceed in accordance with the views herein expressed.

Endorsed: Filed June 7, 1946. Kenneth J. Carrick, Clerk.

And on the same day, to-wit: On the seventh day of June, 1946, the following further proceedings were had and entered of record, to-wit:

Friday, June 7, 1946.

Court met pursuant to adjournment.

Before:

Hon. J. Earl Major, Circuit Judge.
Hon. Otto Kerner, Circuit Judge.
Hon. Charles G. Briggle, District Judge.

Board of Trade of the City of Chicago, a Corporation, *Plaintiff-Appellant,* vs. Illinois Commerce Commission, *et al., Defendants-Appellees.*	Appeal from the District Court of the United States for the Northern District of Illinois, Eastern Division.

8897

This cause came on to be heard on the transcript of the record from the District Court of the United States for the Northern District of Illinois, Eastern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this Court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, reversed, with costs, and that this cause be, and the same is hereby, remanded to the said District Court with directions to overrule the defendant's motion to strike the complaint and to proceed in accordance with the views expressed in the opinion of this Court filed this day.

And afterwards, to-wit: On the fourteenth day of June, 1946, there was filed in the office of the Clerk of this Court, a designation of record, which said designation is in the words and figures following, to-wit:

IN THE UNITED STATES CIRCUIT COURT OF APPEALS

For the Seventh Circuit.

October Term, 1945, April Session, 1946.

Board of Trade of the City of Chicago, a Corporation, *Plaintiff-Appellant,* vs. Illinois Commerce Commission, *et al.*, *Defendants-Appellees.*	Appeal from the District Court of the United States for the Northern District of Illinois, Eastern Division.

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DESIGNATION OF RECORD.

To: Honorable Kenneth J. Carrick, Clerk of the United States Circuit Court of Appeals for the Seventh Circuit, 1212 Lake Shore Drive, Chicago, Illinois.

The following items constitute a complete record of all of the proceedings had and all of the evidence in the above entitled matter in the United States Circuit Court of Appeals for the Seventh Circuit and the undersigned requests you to make a transcript of the items designated to be filed as the record on appeal in the United States Supreme Court pursuant to the rules in such cases made and provided:

1. The entire printed record in the United States Circuit Court of Appeals for the Seventh Circuit.
2. Hearing May 8, 1946.
3. Opinion June 7th, 1946.
4. Judgment June 7th, 1946.

4-A. Order staying mandate.
5. Designation.

Dated June 14, 1946.

George F. Barrett,
Attorney General of the State of Illinois, Attorney for Illinois Commerce Commission and its Chairman, John D. Biggs, and William Parillo, Frank Peska, Edwin A. Rosenstone, Val. J. Washington, members of said Commission, and George F. Barrett, Attorney General of Illinois, Defendants-Appellees.

United States of America,
State of Illinois,
County of Cook. } ss.

William C. Wines, being first duly sworn upon his oath, deposes and says that he is an Assistant Attorney General in the office of George F. Barrett, Attorney General of the State of Illinois; that he has served a copy of the aforesaid designation upon all of the attorneys of record in the above entitled cause on June 14, 1946.

William C. Wines.

Subscribed and sworn to before me this 14th day of June, A. D. 1946.

Elizabeth P. Henderson,
(Seal) *Notary Public.*

PROOF OF SERVICE.

Received a copy of Designation of Record in the above entitled cause this 14th day of June, A. D. 1946.

Kirkland, Fleming, Green, Martin & Ellis,
Rooks & Freeman.

Endorsed: Filed June 14, 1946. Kenneth J. Carrick, Clerk.

And afterwards to-wit: On the seventeenth day of June, 1946, there was filed in the office of the Clerk of this Court, a designation of record, which said designation is in the words and figures following, to-wit:

IN THE UNITED STATES CIRCUIT COURT OF APPEALS.

For the Seventh Circuit.

October Term, 1945, April Session, 1946.

Board of Trade of the City of Chicago, a Corporation, *Plaintiff-Appellant,* 8897 *vs.* Illinois Commerce Commission, *et al.*, *Defendants-Appellees.*	Appeal from the District Court of the United States for the Northern District of Illinois, Eastern Division.

DESIGNATION OF RECORD.

To: Honorable Kenneth J. Carrick, Clerk of the United States Circuit Court of Appeals for the Seventh Circuit, 1212 Lake Shore Drive, Chicago, Illinois.

On June 14, 1946, the Attorney General of the State of Illinois, on behalf of the Illinois Commerce Commission and its respective members, and George F. Barrett, Attorney General of the State of Illinois, defendants-appellees, filed with this court a designation of record.

Defendants-appellees Daniel F. Rice & Company, a partnership, and its individual partners, hereby respectfully join in, and adopt as to content, said designation of record of the Attorney General.

Daniel F. Rice & Company, a Partnership, and Its Individual Partners,
By Irvin Rooks,
Lee A. Freeman,
Their Attorneys.

United States of America,
State of Illinois,
County of Cook. } ss.

Lee A. Freeman, being first duly sworn, on oath deposes and says that he is one of the attorneys for defendants-appellees Daniel F. Rice & Company, a partnership, and its individual partners; and that he has served a copy of the aforesaid designation upon all of the attorneys of record in this cause on June 17, 1946.

Lee A. Freeman.

Subscribed and sworn to before me this 17th day of June, 1946.

M. E. Lalor,
Notary Public.

(Seal)

Endorsed: Filed June 17, 1946. Kenneth J. Carrick, Clerk.

And afterwards, to-wit: On the eighteenth day of June, 1946, the following further proceedings were had and entered of record, to-wit:

Tuesday, June 18, 1946.

Court met pursuant to adjournment.

Before:

Hon. J. Earl Major, Circuit Judge.

Board of Trade of the City of Chicago, a Corporation, *Plaintiff-Appellant,* 8897 *vs.* Illinois Commerce Commission, *et al.*, *Defendants-Appellees.*	Appeals from the District Court of the United States for the Northern District of Illinois, Eastern Division.
Great Lakes Elevator Corporation, *et al.*, *Plaintiffs-Appellants,* 8898 *vs.* Illinois Commerce Commission, *et al.*, *Defendants-Appellees.*	

On motions of counsel for defendants-Appellees, Illinois Commerce Commission, *et al.*, and Daniel F. Rice & Company, it is ordered that the issuance of the mandates of this Court in these causes be, and the same are hereby, stayed for a period of sixty (60) days.

UNITED STATES CIRCUIT COURT OF APPEALS

For the Seventh Circuit.

I, Kenneth J. Carrick, Clerk of the United States Circuit Court of Appeals for the Seventh Circuit, do hereby certify that the foregoing printed pages contain a true copy of proceedings had and papers filed as called for designations of record filed June 14, 1946 and June 17, 1946, in:

Cause No. 8897.

Board of Trade of the City of Chicago, a Corporation,
Plaintiff-Appellant,

vs.

Illinois Commerce Commission, *et al.*,
Defendants-Appellees,

as the same remains upon the files and records of the United States Circuit Court of Appeals for the Seventh Circuit.

In Testimony Whereof I hereunto subscribe my name and affix the seal of said United States Circuit Court of Appeals for the Seventh Circuit, at the City of Chicago, this 28th day of June, A. D. 1946.

(signed) Kenneth J. Carrick,
(seal) *Clerk of the United States Circuit Court of Appeals for the Seventh Circuit.*

SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1946

No. 471

ORDER ALLOWING CERTIORARI—Filed October 21, 1946

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the Seventh Circuit is granted.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1946

No. 473

ORDER ALLOWING CERTIORARI—Filed October 21, 1946

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the Seventh Circuit is granted.

And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.